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NEWS SUMMARY

GENERAL

Thatcher denies Dublin pledge

In an apparent slip during question time in the Commons, Margaret Thatcher seemed to deny the existence of consultative arrangements between Britain and Ireland on matters relating to Northern Ireland.

Downing Street later said she meant matters concerning Northern Ireland's constitutional position. The Government stood by agreements on consulting over other interests, such as security and the economy. Back Page

Six die in bus trip disaster

Six people were killed and nine injured when the top was ripped off the double-decker bus taking them on a trip to the seaside as it drove under a low bridge near Cwmoran in South Wales.

Botha admits

South Africa's Prime Minister P. W. Botha confirmed that members of the South African defence force had supplied arms for the foiled coup attempt in the Seychelles. Col Mike Hoare was sentenced to 20 years imprisonment for hijacking an Air India airliner after the attempt.

Nkomo accused

Zimbabwe Premier Robert Mugabe accused Joshua Nkomo's Zapu of trying to undermine his administration, and said the gunmen who abducted six tourist hostages last week were in Zapu.

Reagan puzzled

President Reagan told Indian Premier Indira Gandhi he could not understand how a man recently eluded British security and got into the Queen's bedroom.

Executives killed

Jack Donnell, president of Charter Co of Florida, and three executives of its subsidiary Charter Oil Co, died in a helicopter crash in Ireland.

Riots in Toxteth

Rioting flared in Toxteth, Liverpool on the first anniversary of the death of disabled David Moore, 23, hit by a police van during last year's uprising.

Protest banned

Protesters were ordered by a High Court judge to leave a "peace camp" at Waterlooville, Hants where GEC-Marconi has been given the go-ahead to build a weapons factory.

Salyut-6 down

Soviet space station Salyut-6 disintegrated after re-entering the earth's atmosphere over the Pacific, ending nearly five years in orbit.

Cancer claim

U.S. doctors say radioactivity in particles of cigarette smoke may cause cancer and heart disease in heavy smokers.

Test score

England were 272 all out, Pakistan 4 for 1 after one day of the Cornhill Test at Edgbaston.

Briefly. . .

Typhoon Andy killed at least eight people in Taiwan.

Peter Sutcliffe, the Yorkshire Ripper, is being questioned in prison by two senior Glasgow detectives.

Wimbledon umpire accused of touting tickets has had the charge dismissed.

Aeroplane-towed banners used for advertising are to be legalised.

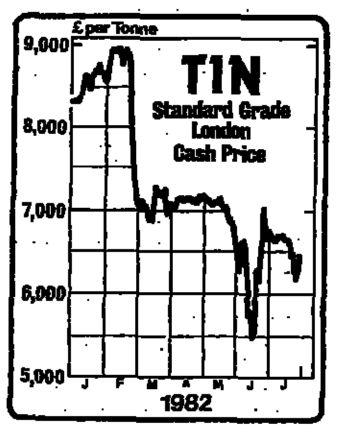
BUSINESS

Equities easier; tin up £150

● EQUITIES were easier, mainly on Wall Street weakness. The FT 30-Share Index shed 5.5 at 556.4. Page 25

● GILTS revived after an uncertain start. The Government Securities index slipped 0.16 to 72.23. Page 25

● TIN cash price rose £150 in London to £6,465 a tonne on



continued buying, believed to be on behalf of the International Tin Council. Page 20

● GOLD fell $6.5 to $340 in London. In New York the Comex August close was $338.65 ($339.5). Page 20

● DOLLAR advanced nervously to DM 2.455 (DM 2.451), Y255.25 (Y255.1), SwFr 2.089 (SwFr 2.079) and FFr 6.82 (FFr 6.815). Its trade weighting was 120.1, against 119.6. Page 26

● STERLING fell 35 points to $1.7405, held steady at DM 4.275, rose to SwFr 3.635 (SwFr 3.625) and eased to FFr 11.87 (FFr 11.88) and Y444.5 (Y445). Its Bank of England index was unchanged at 91.4. Page 26

● WALL STREET was off 3.99 at 807.84 before the close. Page 24

● HONG KONG share prices continued to slide amid uncertainty over the colony's future. The Hang Seng index lost 47.27 at 1,185.86, down 100 on the week. Page 24

● CLEARING BANKS resisted signals from the Bank of England that they should cut base rates. Back Page

● ITT and the French Government reached agreement over the sale of ITT's four telecommunications companies in France.

● INTERNATIONAL bank lending of $30bn (£11.5bn) in the first quarter was a third down on the comparable figure last year. Back Page

● BL is to lift output of Minis for the Japanese market by 40 per cent, to 1,800 a year. Page 7

● BARCLAYS BANK staff in the Barclays Group Staff Union, the bank's biggest union, rejected their leadership's call for industrial action over Saturday opening. Page 9

● GENERAL MOTORS is to pull out of a multi-million-dollar joint venture with the Taiwan government to produce vehicles and engines there. Page 23

● DIXONS PHOTOGRAPHIC lifted pre-tax profit for the 52 weeks to May 1 to £12.52m, against £10.78m for the previous 53 weeks, and raised the dividend. Page 16

● COMMERZBANK of West Germany saw a substantial rise in earnings in the first half of 1982. Page 22

● MITSUI and Co., Japan's second biggest trading house, saw consolidated net profit for the year to March plunge 93.4 per cent to Y1.2bn (£2.7m). Page 23

● AETNA LIFE and Casualty of the U.S. reported second-quarter net profit of $121m (£69.6m), up from $114.1m. Page 21

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Air Call	330	+ 15
Assoc. Tooling	60	+ 4
Chloride	28	+ 2
Comb Eng. Stores	23	+ 2
Fobel Int.	38	+ 4½
Glaxo	740	+ 12
James (M.)	31	+ 2
Johnson Grp Clners	285	+ 11
PH Industrials	47	+ 3
Tern-Consulate	55	+ 5
Vinten	273	+ 9
Randfontein Ests.	£29½	+ 1½
FALLS		
Barratt Dev.	292	− 5
Beecham	285	− 5
Costain	242	− 6
Fisons	378	− 12
Gill & Duffus	118	− 6
ICI	296	− 6
Inchcape	293	− 7
Land Securities	285	− 5
Pilkington	190	− 8
Pratt (F.)	57	− 6
Prestige	168	− 6
Prov. Financial	130	− 5
Unilever	615	− 10
Wyndham Eng.	55	− 4
BP	263	− 4
Shell Trans.	392	− 6
Jo'burg Cons.	£39	− 1

Drastic cuts planned by International Harvester

BY DAVID LASCELLES IN NEW YORK

INTERNATIONAL HARVESTER, the struggling American manufacturer of farm tractors, construction equipment and trucks, put forward a drastic survival plan yesterday involving sweeping cuts and restructuring of its enormous debts.

The plan was seen as a last-ditch effort to save Harvester, which has been severely hit by the recession and has already warned that it could lose nearly $1bn (£574) this year. Its success appears to hang on the willingness of nearly 200 U.S. and foreign bank lenders to take *a direct stake of at least $400m* in the company.

Mr Louis Menk, who took over as chairman and chief executive after the abrupt departure of the previous top management last spring, said the plan was designed to create "a viable core business" with "continuing" operations that would get the company back into the black by 1984.

But he also said it was based on modest assumptions about *the growth prospects for* Harvester's key markets.

The plan aims to shrink both the scope and geographical spread of Harvester's operations. It proposes that the company retreat from being a worldwide producer of trucks, farm and construction equipment and engines into one that makes only some of these products, in North America and Europe. The bulk of the reshaped company's operations would be in the U.S. and Canada, with only a handful remaining in the UK, France and West Germany.

Agricultural equipment would contiunue to be made in all five countries. But trucks would be made only in North America, and engines only in the U.S. and Germany. The company's construction equipment business would be sold.

Harvester would close some plants in the U.S. and concentrate production at key places.

The company said last night that the foreign plants affected *were still "under study,"* but the company would try to sell them as viable businesses.

In the UK Harvester will maintain its agricultural equipment factory at Doncaster, where it employs 2,500. It has already announced closure of a plant at Bradford. The future of the Seddon Atkinson truck plant at Oldham is "under study."

Harvester has 65,600 employees throughout the world.

This consolidation would reduce the company's costs and improve its breakeven level by $1bn. Last year Harvester had a loss of $393m on sales of $7bn, but since then it has already taken steps to bring the break-even level down.

But the plan depends on Harvester's banks agreeing to far-reaching changes in the credit agreement they made last autumn to restructure $4.2bn of debt. Harvester will ask lenders to waive cash interest payments on about $1.6bn of parent company debt and accept equity security instead.

It also wants them immediately to convert about $400m of this debt into equity and agree to other relaxations of the agreement, which it did not describe.

The plan will be put to a bankers' meeting in Chicago today. But actual negotiations are expected to last several months. All the banks will have to approve the plan if it *is to succeed.*

Without these changes, Harvester said, it would have a loss of $925m in its fiscal year, which ends on October 31, with sales of about $5.3bn.

If the plan goes through, sales would be about $15bn lower. The loss would be about the same, but it would reflect one-time charges and gains for the restructuring.

Most of Harvester's bank creditors are believed already to have provided for loss of their loans. So their response to the plan is likely to depend on their readiness to accept a *stake in the company in the* hope of recovering some money later on.

It was clear from the tone of Harvester's announcement, however, that failure to reach a new credit agreement would leave the company in serious jeopardy.

Heavy chemicals depress ICI profit

By Sue Cameron

IMPERIAL Chemical Industries' operating losses on its troubled petrochemicals and plastics business during the first half of 1982 have been running at almost double the rate of last year.

ICI — Britain's biggest *manufacturing company*— laid much of the blame for its "inadequate" profits during the first half of this year at the door of its heavy chemicals operations. The group's pre-tax profits for the first six months of 1982 were £145m—only £10m more than in the first half of 1981.

The value of its chemical sales in the first half of the year was £3.224bn—19 per cent up on the same period last year. In volume terms, however, sales were a mere 4 per cent more than last year.

Pre-tax profits in the second *quarter of this year* were £83m—£21m more than in the first three months of this year but exactly the same as in the second quarter of 1981. Yesterday, ICI said gloomily: "The worldwide recession continues and there is still no evidence of an upturn either at home or abroad."

It admitted that its major problems were in its heavy chemicals sector. Trading losses on this business for the whole of 1981 were £54m. In the first half of 1982 alone, petrochemicals and plastics have already lost "around £50m."

The reasons are the long-standing and chronic overcapacity in the industry throughout Western Europe, weak prices and reduced demand. ICI said the market for heavy chemicals was still "a bloodbath."

Without its heavy chemicals operations, the group said it would have had a "strong business." Other business areas, notably pharmaceuticals, had been making "steady progress"

However, ICI said complete withdrawal from petrochemicals and plastics was not "a realistic option."

Details, Page 17
Lex, Back Page

£ in New York

—	July 28	Previous
Spot	$1.7345-7360	$1.7515-7530
1 month	0.02-0.05 pm	0.03-0.06 pm
3 months	0.56-0.60 pm	0.59-0.63 pm
12 months	3.55-3.65 pm	3.55-3.65 pm

France and Egypt present peace plan for Lebanon

BY OUR FOREIGN STAFF

FRANCE AND EGYPT submitted to the United Nations Security Council yesterday a formal resolution designed to end the fighting in Lebanon and pave the *way for a fresh* attempt at an overall Middle East settlement.

A key section of the draft resolution affirms Israel's right *to exist behind secure, recog*nised boundaries, and the "national" right of the Palestinians to self-determination "with all its implications." This phrase is understod to mean the possibility of an eventual Palestinian State.

The draft resolution is intended to replace Resolution 242, passed after the 1967 war and since then the basis of most Middle East peace efforts.

The attitude of the U.S. to the *draft is likely to* prove for several days. The U.S. vetoed a French proposal on June 26 that Israeli forces in Lebanon withdraw 10 kilometres from Beirut as a first step towards ending the invasion.

France and Egypt have been working on the draft resolution for a month and said yesterday it remained open to amendments. Both countries are thought relatively sympathetic to Israel, within the European and Arab contexts respectively.

The Egyptians are believed to have won the approval for the draft resolution of several Arab countries, including Saudi Arabia, Jordan, Morocco and Sudan.

A top Egyptian official recently paid a secret visit to Jordan for talks with King Hussein. Discussions have taken place with representatives of the Palestinian Liberation Organisation.

Mr Zehdi Terzi, PLO repre*sentative at the UN, is believed* to have welcomed the draft resolution, as has the Lebanese Government.

Britain and other members of the European Community will be likely to support the Franco-Egyptian initiative, as it is broadly in line with the EEC Venice declaration on the Middle East.

In Beirut the ceasefire which came into effect on Wednesday night after seven days' heavy *Israeli bombardment* seemed generally to be holding.

Israel accused the PLO of opening fire with mortars, but said her own forces had not responded.

The ceasefire was arranged shortly after Mr Philip Habib, the special U.S. envoy, arrived back in Lebanon. He is said to have promised Mr Menahem Begin, the Israeli Prime Minister, that within 48 hours he would discover whether the PLO was serious about its commitment to leave west Beirut.

An Israeli Foreign Ministry

Continued on Back Page
Other Middle East stories, Page 4

R. J. Reynolds to acquire Kentucky Chicken parent

BY TERRY BYLAND IN NEW YORK

R. J. REYNOLDS, the largest U.S. cigarette manufacturer, is to acquire Heublein, the distilled spirits and speciality food group, best known for its Kentucky Fried Chicken and Smirnoff vodka operations,

In an agreed deal Reynolds is tendering for 52 per cent of Heublein at $63 a share, or a total of $715m (£411m).

Under a separate agreement, it will buy a further 4m unissued shares at the same price.

The remaining shareholders in Heublein will receive a mix*ture of shares and a new issue* of preferred stock in the cigarette company.

Shares in Heublein were sus*pended at $47.625 on Wednes*day after edging up ahead of the announcement.

The deal is complicated by the fact that General Cinema holds an 18.9 per cent stake in Heublein.

The film industry company said yesterday that it had made no separate agreement for Reynolds to buy its stake.

The announcement ends a period of uncertainty which followed Heublein's denial in January that it was holding talks with Reynolds.

Reynolds was known to be on *the takeover trail,* backed by a cash holding of $275m, including $173m received as a result of its settlement earlier this month from nationalisation of its Kuwait operations.

Last week the cigarette-maker turned in record net profits of $480m for the first *half of this year, taking in* $91.5m from the Kuwait settlement.

Reynolds has been diversifying into the food industry,

Banks disappointed by Ambrosiano meeting

BY DUNCAN CAMPBELL-SMITH AND WILLIAM HALL

REPRESENTATIVES of more than 200 Euromarket banks gained little satisfaction from a meeting in London yesterday with Sig Giovanni Arduino, one of the three commissioners appointed to run the Milan-based parent company of the troubled Banco Ambrosiano group.

Bankers were disappointed that no details were given about the group's current exposure or the *activities of the companies* which have borrowed from it—in particular those companies controlled by Istituto per le Opere di Religione (IOR), the state bank of the Vatican.

Sig Arduino is understood to have restricted himself largely to a clarification of the com*missioners' role in the crisis* surrounding the Italian banking group. He repeated that the Milan parent was aware of its "moral obligation" towards the creditors of group subsidiaries but could accept no legal responsibility for the repayment of the subsidiaries' debts, estimated at $600m (£344.7m).

Sig Arduino stressed later the progress made, on the other hand, towards resolving the difficulties of the Milan parent. Banco Ambrosiano Spa had overseas borrowings of $1,265m on June 21, said the commissioner. Six Italian banks in a lifeboat consortium were now refunding these borrowings as they matured and $445m had *been repaid so far.*

Statements were also made at the meeting by four of the banks which have led syndicated credits for Banco Ambrosiano Holding (BAH), the group's Luxembourg subsidiary. All emphasised the need for a quick solution to the crisis. But the banks made it clear they regarded the Luxembourg company as having been a vehicle for the group as a whole. "We regard the borrower in fact as the Milan parent," one banker said.

Sig Arduino adhered to earlier estimates of $1.2-1.4bn as representing the Ambrosiano group's total exposure to IOR. He insisted, however, that the group's finances were too complicated for figures to be given about the precise flow of funds between the group and its Vatican client.

No date has been set for a second meeting, but Sig Arduino asked the creditor banks to appoint their own task *force to co-ordinate discussions* with the Italian commissioners.

A meeting earlier of creditors of Banco Ambrosiano Overseas, the Nassau operation, elicited considerably more information than the meeting concerning the Luxembourg operation.

M Pierre Siegenthaler, the *Nassau bank's president,* provided the 40 bankers at the meeting with a balance sheet up to July 23, details of individual loans outstanding, stand-

Continued on Back Page
Details, Page 22

Counting the cost of a phoney war

BY BARRY RILEY

CURRENT cost accounting survived yesterday's onslaught at Chartered Accountants' Hall in London, but the attacks by Mr David Keymer, Mr Martin Haslam and the massed ranks of their supporters left it gravely wounded. Many combatants later considered it might have only months to live.

In many ways yesterday's was a phoney war, for everybody knew the result of the contest before it had begun. The postal voting totals day-by-day had been made "available to inquirers" during the three weeks of balloting. A few blue voting cards collected at the meeting could make little difference.

The result was confirmed. There were 14,312 votes for the resolution by Mr Keymer and Mr Haslam that the current cost accounting standard *SSAP 16 should be withdrawn* immediately and 15,745 votes against.

About 430 members of the *Institute of Chartered Ac*countants attended the special meeting — considerably more than had flocked to the previous Keymer and Haslam anti-CCA debate five years ago. Thankfully, institute officials were able to abandon their contingency plans to bus the gathering to the more spacious surroundings of Queen Mary College in the Mile End Road.

Mr Martin Haslam, short and pugnacious, said that but for their campaign, SSAP 16 would have passed through "on the nod" after a three-year trial ending next year.

He had no time for CCA fanatics. "They are the Militant Tendency of the accountancy profession," he announced, to roars of approval from the floor.

For the institute, Mr Robert Tricker dismissed the resolution as "mischievous." He *expounded on such themes as* the threat to members' standing in the eyes of the business community, and the obligation to respond to society's needs. But he recognised "a sense of frustration and helplessness among members."

For nearly two hours, the

Continued on Back Page

CONTENTS

For latest Share Index phone 01-246 8026

Italy set to curb public sector borrowing

BY JAMES BUXTON IN ROME

THE ITALIAN Cabinet is expected today to launch its long-awaited package of "austerity" measures which are aimed at controlling the soaring public sector deficit.

But it is already clear that the package will be less comprehensive than had originally been planned.

The measures are needed to prevent the borrowing requirement for the entire public sector reaching almost L70,000bn (£29bn) this year, against an original target of L50,000bn, and to stop the 1983 deficit reaching L90,000bn. The revised target for this year is about L60,000bn and that for next year is about L65,000bn.

Because of the exploding public sector deficit, which may this year amount to a record 14 per cent of gross domestic product, the Italian economy is growing faster than the authorities want, sucking in imports and preventing any further drop in the inflation rate, which now stands at 15 per cent.

The Government intends to reduce the expected deficit by raising charges for state-provided services, increasing indirect taxation and social security contributions, and cutting spending.

The measures to raise revenue should be announced today and will be imposed by decree. The spending cuts of up to L30,000bn will be finalised later as part of discussions of the 1983 budget, an outline of which should be presented today, two months earlier than usual.

Sig Giovanni Spadolini, the Prime Minister, laid down a deadline of July 31 for presentation of the measures when he resolved the government crisis earlier this month. If agreement cannot be reached at today's Cabinet meeting the measures will be announced tomorrow.

Despite a slight improvement in the past two weeks in relations between the Christian Democrats and the Socialists, the main political parties in the five-party coalition, important stumbling blocks remain.

There appears to be agreement on raising the tax on petrol, increasing charges for social security and slightly reducing benefits, but there is still no consensus on a rise in VAT, a key part of the package.

The Socialists would like the increase in VAT to be put only on goods which are not in the index on which the *scala mobile* wage indexation system is based —in order to avoid the controversial question of tampering with the *scala mobile*.

But the Christian Democrats want a general increase in VAT linked to the removal of indirect taxation from the *scala mobile* basket, so that tax increases are not automatically reflected in action on the *scala mobile* before September. Sig Spadolini last week-end told the three main union federations, which are deeply divided on the issue, to come up with a joint proposal by early September. If they do not, the Government would act on its own, he told them.

It is possible that today's expected rise in VAT may be shelved for another few days because of the differences. That would annoy the Christian Democrats, who have insisted on a July 31 deadline, and cost the Government badly needed revenue.

Dutch refinery closure opposed

By Walter Ellis in Amsterdam

THE MOBIL OIL refinery in Amsterdam, scheduled for closure on September 1, may yet be saved if the company accepts the conclusions of a joint report by the plant's trade unions and the works council.

The report maintains that losses at the refinery have not been nearly as high as Mobil has suggested because the high costs of running the nearby Mobil oil terminal have been unfairly included in the total.

First indications were that Mobil was not impressed. It said yesterday that the report was based on a false premise, since it was impossible for an oil company to divorce the costs of refining and supplying.

The document, however, will be studied by the Mobil board as well as by the Ministry for Economic Affairs in The Hague.

According to the unions and the works council, the refinery could pay its way if it was separated from the terminal and concentrated solely on the production of refined oil for the Benelux.

In May of this year, Mobil forecast the refinery had to be closed because weekly losses had reached Fl 1.5m (£318,500). The company said the cumulative loss over the five years to May amounted to Fl 224m (£47.5m)

The refinery employs about 200 workers. It has a capacity to refine 75,000 barrels of crude oil per day, and the unions maintain that at least 50,000 barrels could be used by the three Benelux countries

Assuming that Mobil does not relent, there is a possibility that the refinery could be saved by the intervention of Dutch State Mines, the semi-state resources corporation.

Paris told to tighten controls on illegal smuggling of funds

BY DAVID MARSH IN PARIS

THE French Government has been urged by a parliamentary commission to tighten controls on illegal movements of funds abroad by companies.

A report by the finance commission of the National Assembly calls for increased co-operation between Customs agents and the tax inspectorate to combat the problem of "capital flight," a principal *bête noire* of the Socialist Government.

But it says that "small and medium" types of capital infractions — of the sort where money is smuggled abroad in suitcases—probably make up no more than 10 to 15 per cent of the total.

The main offenders, according to the report, are companies with an international network of outlets, which can use a variety of sophisticated methods to hide illegal movements of funds from the authorities.

Since last year's change of government, France has considerably stepped up physical currency controls on travellers leaving its soil. French residents are not supposed to take with them more than FFr 5,000 (£421) per trip abroad.

Violations of capital controls have occasionally led to controversy over the role which Swiss banks play in the process. At least one leading official of the Bank for International Settlements, the Basle-based central bankers' bank, has suffered the indignity of having his luggage minutely searched for illicit banknotes in the course of a trip to Paris.

Giving an indication of the scale of "suitcase smuggling" of francs out of the country, the commission, under the chairmanship of Socialist deputy M Christian Goux, reveals that the number of French banknotes returned to the Bank of France by foreign banks rose sharply last year.

It reached FFr 17.5bn last year against FFr 7.5bn in 1980. The volume of exported banknotes coming back to the central bank rose threefold in the second quarter last year (when the presidential election took place) compared with the same period in 1980.

However, the report dashes some of the more extreme French residents holding accounts in Switzerland.

It estimates "active" accounts at about 50,000 each containing an average of FFr 500,000 to FFr 700,000 — making a total of about FFr 30bn.

This compares with some more lurid estimates that French people may have as much as FFr 300bn stashed away in Switzerland.

The report paints a somewhat pathetic picture of the average "small to medium" capital smuggler. It describes the typical member of the species as "a local big-wig, quite wealthy, relatively old and eternally worried."

Nato cool on Polish reforms

By Our Foreign Staff

RECENT STEPS by Gen Jaruzelski, the Polish military ruler, to ease martial law in the country represented "some movement in the right direction," but were not yet enough to make the West change its policy of sanctions, the North Atlantic Treaty Organisation (Nato), said yesterday.

The Nato statement, agreed at a meeting of the 16 alliance ambassadors in Brussels this week, said the steps "fall short of fulfilling the declared intentions of the Polish leadership and the three criteria set out by the alliance on January 11, 1982."

These were that all internees must be freed, martial law lifted, and a dialogue with the church and the Solidarity trade union resumed before the West would start up normal economic and political ties again.

By contrast, Gen Jaruzelski last week freed only two-thirds of internees and vaguely suggested martial law might formally be lifted by the end of this year.

The lukewarm Nato response was expected. Nevertheless, it will dash any hopes entertained by Western commercial banks that their governments might join them in an early rescheduling of Poland's 1982 debt, which is piling up unpaid.

It also suggests that the U.S. is unlikely to reverse soon its ban on the use of U.S. technology for the Soviet gas pipeline.

Protests over EEC cut in social spending

BY LARRY KLINGER IN BRUSSELS

THE DECISION by the EEC member-states to slash £550m from proposed increases in spending for job-creation and development programmes at home and to block funds for Third World aid drew immediate protests yesterday from the European Parliament and the European Commission.

EEC Finance Ministers, meeting in the early hours of yesterday morning to complete a first reading of Commission proposals for next year's EEC budget, followed up its refusal late on Wednesday not to free surplus funds immediately for projects favoured by Parliament with a decision to impose hefty cuts on proposals for next year's social and regional spending.

Mr Piet Dankert, Parliament's president, called the decisions "deplorable." Mr Robert Jackson, British Conservative MEP for Upper Thames and a prominent member of Parliament's budget committee, accused the ministers of "meanness" and "hypocrisy."

Mr Christopher Tugendhat, the Budget Commissioner, regretted the Council's failure to approve sizeable increases in areas which had already been supported publicly by the EEC heads of government, "in particular the fight against unemployment, an increase in the Community's development aid effort and the promotion of Community programmes in the fields of energy and research."

The ministers reduced the Commission's proposed 38 per cent increase for next year's Social Fund, the main vocational training and job-creation arm of the £12bn budget, to about 20 per cent, leaving total funds of £610m instead of £706m.

The proposed boost for the Regional Fund, which primarily serves to improve conditions in underdeveloped EEC areas, was cut from about 30 per cent to about 9 per cent for a total of £657m instead of £834m.

While the ministers cut the Social Fund proposals by less than they have in the past, critics were quick to point out that virtually every other area over which Parliament has room for manoeuvre was cut to the bone, particularly in research, transport and industrial policy.

Preliminary estimates for this category suggest that the Commission's proposals for a 55 per cent increase to about £381m may have been reduced to about £64.4m.

While Parliament was obviously expecting gentler treatment following recent concessions over issues of budgetary control, it became clear at the outset of the Council meeting that austerity would rule the day, despite Commission assurances that at least £280m would be saved this year on agriculture support spending. The eventual amount could be twice or even three times as much.

The Social Fund proposals would have been cut even more if it had not been for a strong fight by Britain, Italy, Ireland and Greece, its main beneficiaries.

The forthcoming British Budget rebates were also at the forefront of many minds. While the current talks do not technically concern the so-called "British problem," the net rebate guaranteed to the UK is likely substantially to affect several other member-states.

The proposals will now be presented to Parliament in September for a First Reading in the autumn. Parliament will, without doubt, try to add back its full permissible amount of about £145m under the EEC's complex budgetary rules, but yesterday's Council decision, on preliminary estimates, may have removed at the very least £103m from its jurisdiction.

French industry expects slight fall in output

BY DAVID WHITE IN PARIS

FRENCH manufacturing industry believes production may begin to fall slightly over the next few months after remaining roughly stable since the beginning of the year.

This gloomy forecast emerges from the results of the latest monthly survey among industrialists, carried out by the official statistics body Insee and published yesterday.

Although companies reported some improvement in export orders in June, order books remained very weak and stocks of finished products had built up over the past two months, the survey concluded.

The outlet for consumer products was mixed. Capital goods appeared to show a slight upward trend overall. In intermediate goods the tendency was downwards, except for chemicals and rubber.

A survey published by the Bank of France earlier this month suggested that, after a small rise in output in June, production could remain stable up to September. But many industrialists were reluctant to risk a forecast for the remainder of the year.

Arms cache discovered

DUSSELDORF—Two suspected right-wing extremists were remanded in custody yesterday after a police search uncovered large caches of arms and ammunition in northern Germany, the Federal Prosecutor's office said.

The office in Dortmund said police searched 29 houses in and around Bielefeld on Wednesday and seized 110 small arms, including rifles and pistols, 18,000 rounds of ammunition and a large quantity of explosives.

Two men were being remanded on suspicion of infringing arms control laws and a third man had been released. All three were being investigated for suspected membership of a right-wing terrorist organisation.

The arms and equipment found by police, which included radios and field telephones, had probably been taken from the West German army, said the office.—Reuter

Bonn worried by reports of state steel aid bid

BY JAMES BUCHAN IN BONN

Reports that Arbed, the Luxembourg steel concern, is looking for West German official participation in its Saarland subsidiary are causing concern in Bonn and the regional capital, Saarbruecken.

Arbed, which has been involved since 1978 in the restructuring of the troubled Saarland steel industry, owns through a German affiliate, 98 per cent of Arbed Saarstahl, formed earlier this month from the two major Saar steelmakers, Roechling Burbach and Neunkircher Eisenwerk.

According to a report from Saarbruecken, Mr Emmanuel Tesch, chief executive of Arbed, has transmitted through Arbed Saarstahl a strategy paper for the Saar authorities which proposes official participation.

Yesterday's reports caused considerable concern at the Economics Ministry in Bonn, which is temperamentally opposed to state ownership in the steel industry and also feels that both federal and regional authorities will be tied down to a subsidy programme.

The Saar industry has already received over DM 1bn (£234.2m) in state aid and guarantees for restructuring purposes since 1978, but the subject is particularly sensitive now given the European-U.S. dispute over subsidised steel and the fact that Bonn has just received demands for assistance in a DM4.7bn investment programme to sweeten the transformation of the Ruhr giants, Krupp and Hoesch, into Ruhrstahl.

The Saar regional government, which is the only Christian Democrat-Free Democrat coalition in West Germany, was also quoted as saying it saw "absolutely no need for state participation."

Sweden curbs bank lending

By Our Stockholm Correspondent

THE RIKSBANK, Sweden's Central Bank, has decided to raise the cash reserve requirements for all banks by 1 per centage point to 5 per cent.

The new requirements will become effective from August 3. The move, combined with earlier measures, is designed to bring down bank loan expansion.

Loans were expected to expand by 7 per cent on a 12-month basis in the second half of this year. In June, bank loan expansion reached some 14 per cent.

Earlier measures by the Riksbank included increasing interest rates on overdraft accounts and raising the penalty rate for excessive bank borrowing in the central bank.

Irish interest rate fall

BY OUR DUBLIN CORRESPONDENT

IRISH INTEREST rates are expected to fall by between 1 and 1½ per cent in the near future. The big four banks will meet the Irish Central Bank next week to discuss the position.

Overdraft rates are currently above 20 per cent but the three-month money rate has come down by 2 per cent since March to under 18 per cent.

A fall would bring welcome relief to homeowners who face an increase in the mortgage rates to 17.9 per cent. Building societies have decided they can no longer accede to government requests to hold their rates.

Some rise in mortgage rates must still be expected but, if bank rates come down, as predicted, it might be less than 1 per cent.

EUROPEAN NEWS

East Germany suffers shortages of food, fodder

BY LESLIE COLITT IN BERLIN

THE MOST serious shortages in decades of meat and other basic foods have developed in East Germany, which prides itself on being the best supplied of the Communist countries.

A sharp fall in meat deliveries has arisen because of a continued high level of meat exports to West Germany and other hard-currency countries.

At the same time, fodder shortages have apparently developed because East Germany failed to get credit in the U.S. and other Western countries to buy supplies earlier this year.

Some 175,000 tonnes of grain were subsequently purchased from West Germany. This is the first time East Germany has purchased grain from Bonn.

East German radio reported that fodder supplies were extremely tight and that fodder could not be imported as it was "trading at a very high price" on international markets.

Drives have been organised in the cities to collect kitchen waste and to deliver it to collective farms for fodder.

Although meat supplies have been maintained in East Berlin, the country's *showcase*, butcher shops elsewhere are reportedly sold out early in the morning. The staple meat, pork, is said to be available for only a few hours a week in many provincial towns.

Normally East Germans, who have the highest meat consumption in Comecon, eat an annual 90 kilos of meat per capita.

In East Germany's northern-most district of Rostock, millions of summer holiday-makers from other parts of the country are adding to the tight supply problems. Visitors to the area said milk is often unavailable and that other staples, such as *cheese and macaroni*, had disappeared.

Bread deliveries are *also said* to have broken down in some parts of southern East Germany.

Private gardeners are being exhorted to deliver every pound of fruit and vegetables they harvest to state purchasing outlets where they are paid more than the price which consumers are charged. The state subsidises the difference.

Collective farmers are being encouraged to overcome the *shortfall* in produce from their state farms by using collective *farm machinery on their* private plots.

More than *100,000* young East Germans are currently helping to pick fruit and harvest vegetables on collective farms.

The summer bulge in the West German cost of living subsided in the month to mid-July, reviving hopes that the inflation rate could flatten out to 4-5 per cent by the end of this year, James Buchan writes from Bonn.

According to preliminary figures released by the Federal Statistical Office in Wiesbaden yesterday, the West German cost of living rose 0.3 per cent in the month to mid-July, after a 1 per cent rise in the month to mid-June.

Expressed as an annual rate, West German inflation stood at 5.7 per cent in mid-*July against* 5.8 per cent in June.

Belgium seeks budget to bolster austerity programme

BY LARRY KLINGER IN BRUSSELS

BELGIUM'S centre-right Coalition Government today begins talks on guidelines for a 1983 national budget, which will be designed to maintain stringent controls on the growth of public spending.

Over the past six months, the Government has introduced a series of tough economic measures that included an 8.5 devaluation of the Belgian franc. In the talks, which are expected to run virtually uninterrupted for most of the weekend, it is seeking a formula to bolster its austere plan for national recovery, without increasing the danger of a possible trade union revolt in the autumn.

One of the most contentious issues is how to meet the Government's aim of eliminating the projected social services' deficit of BFr 36bn (£445m) in 1983 to contain the growth in *overall expenditure to an* average 7.5 per cent.

Against a background of growing unemployment, which *is* already at a record level, and a steady decline in the govern*ing parties'* popularity with voters, the Coalition remains divided on the issue. Mr Wilfried Martens, the Prime Minister, and his Centrist Christian Democrats, feel unable to rely solely on further cuts in social benefits, while the conservative *Liberals* are unwilling to raise extra revenue through higher taxes or by increasing industry's contributions.

The Government now expects unemployment to reach new levels, substantially surpassing the emotional ½-m mark, to hit 520,0000 by the end of the year. It may even exceed the 13 per cent level to keep Belgium at the top of the EEC league. Further, the Government's current economic strategy seems to hold out small hope for union expectations that, during scheduled autumn negotiations, agreement can be reached on the full restoration of the country's traditional system of linking wage rises automatically to match increases in the cost of living.

The Government aims to promote export-led growth by in*creasing industry's* competitiveness through controlling costs, including wages. *To* meet this goal, it is sugested that the rise in disposable incomes next year must be limited to less than 7.5 per cent, against a projected inflation rate of up to 9 per cent.

Unions demonstrate in March against government policies.

Under controversial special powers *limiting Parliamentary* debate, the Government has virtually suspended the application of the indexation system. This *issue* was central to the protracted political crisis that led to last autumn's inconclusive *general election*, and to the exclusion of the Socialists from *government for the first time* in years. Along with the unemployment level, it remains a serious potential flashpoint for general trade *union* dissatisfaction.

The Cabinet, however, will press on with its austerity programme *in the belief* that the general public still generally accepts there *is no real alterna*tive to the Government's tough measures.

In addition to eliminating the projected social security deficit for next year, the Government aims to limit the growth of spending in all departments to an average 7.5 per cent. *After* debt repayment and interest charges are taken into account, this would be effectively reduced to less than 5 per cent.

The average national debt of the European Community is less than 7 per cent of gross national product and the Government's longer-term aim is to reduce the Belgian national debt from its current figure of 12.7 per cent to 10.2 per cent *next year*, and to less than 7 per cent by 1985.

Inflation is currently running at an annual rate of 9.8 per cent and Ministers have maintained that if this level is *exceeded, it could undermine* the benefits of the franc's devaluation.

Belgium's external debt is still over BFr 400bn, and internal government estimates suggest that *interest* charges on all borrowings may reach BFr 350m *next year*.

It is the political factor, how*ever*, which presents the overriding problem. Officials do not *hide their* belief that the Government could be put in immediate *danger of collapse if* the moderate Christian Democrat unions *joined forces* with their militant Socialist colleagues in national strike *action*.

Yet, in the current strategy, there seems to be no alternative to curbing wage rises to at least levels below those granted to workers in Belgium's main trading partners, such as West Germany, France and the Netherlands.

Netherland. At the same time the effects of the austerity programme are being felt.

The trick will be to continue *to* improve international confidence in Belgium's ability to *achieve* lasting economic recovery, while retaining *support at home*. Mr Martens, during discussions in the *run-up to* this weekend's talks, told his Cabinet *colleagues that* they were tackling a "budget of credibility."

Monetary squeeze pushes Turkish companies towards insolvency

BY METIN MUNIR IN ANKARA

TURKEY'S two-and-a-half-year-*old anti-inflation monetary* policy has brought a number of large companies close to insolvency and may force the Government to undertake a massive bailing out operation.

At least 20 companies includ*ing* some which belong to Turkey's largest private holding companies, *have* applied to the Government for financial assistance.

The latest on the list is Meban, the country's largest *surviving private* brokerage firm which was forced to sus*pend payments for lack of* funds.

Meban *is* part of Transturk Holdings, a large private conglomerate owned mainly by Mr Fuat Suren and his family.

Mr Suren told the Financial Times *he had proposed to the* Government that Meban be allowed to transform *itself* into an investment bank and be given standby credit lines with a number of banks so that it could meet its obligations.

"We have pumped TL 3.5bn (£12.2m) into Meban in the past *month*," Mr Suren said. "We cannot go on doing this indefin*itely*."

The company has marketed some $100m-worth of bonds and bank certificates.

Meban's problems started *after* the collapse of Banco Kastelli, Turkey's biggest money broker, *and the departure of its* owner, Mr Cevher Ozden, to Switzerland on June 20.

Kastelli's bankruptcy started a crisis whose ripples continue to shake the Turkish economy and banking system. It led to *the resignation of Mr Turgut* Ozal, the Deputy Prime Minister, *who had been overlord of* the economy since the austerity programme *was launched in* January 1980.

Mr Ozal's job was abolished and the reins of the economy were surrendered to Mr Adnan Baser Kafaoglu, *who* became Finance Minister.

Last week the Government decided to bail out Asil Celik, manufacturers of special steels. The company, the biggest single private investment in Turkey, is to receive the equivalent of $75m in the form of *participation bonds* to be purchased by a state-owned bank.

Guney Sanayi, Turkey's largest private textile plant, is also to receive the equivalent of about $80m in a similar manner. But while the capital structure *in Asil Celik is* to remain intact, the Sapmaz family which owns *Guney Sanayi have been pushed* aside.

The family's 100 per cent equity has come down to 20 per cent. The remaining 80 per cent has been transferred to its creditors. These include three *state* banks — Is, Ziraat and Sumerbank — and the private trading house Enka.

The majority of the other *firms which are* in trouble are in textiles and construction *materials*.

These companies have confronted the military-backed Government with a difficult choice: persevering with a tight money policy at the risk of bankruptcies or loosening its grip on money supply.

Suarez forms rival centre grouping

BY TOM BURNS IN MADRID

FORMER Prime *Minister* Adolfo Suarez will contest forth*coming general elections in* Spain at the head of a new political party called Centro Democratico Social (CDS).

Sr Suarez, who had earlier in the week confirmed he was quitting the ruling Union de Centro Democratico Party (UCD) that he had founded, *yesterday completed* the legal formalities of the new party by presenting *the CDS statutes* at the Interior Ministry.

The CDS, as conceived by Sr Suarez, will have a markedly centre-left electoral platform and is a response to what the former prime minister believes *is the growing* conservatism of the governing UCD.

Sr Agustin Rodriguez Sahagun, a former defence minister in Sr Suarez' cabinet and chairman of UCD until last December, was among the first to make public his decision to join the new political party.

Up to 10 members of the congress and senate are expected to follow Sr Suarez' initiative thereby paring down *still further* the *minority* status of the governing party in parliament.

The continuing break up of UCD—a week ago 21 parliamentarians formed a centre-right group called the Partido Democrata Popular—is likely to force the dissolution of parliament when it reconvenes in September

The launching of CDS completes a process of estrangement *between* Sr Suarez and UCD which began after he resigned *as prime* minister in January last year shortly before the attempted military coup.

Last December Prime Minister Leopoldo Calvo-Sotelo, who replaced Sr Suarez, took control of the UCD from Sr Rodriguez Sahagun amid continuing internal feuding.

Earlier this month Sr Calvo-Sotelo resigned his chairmanship of the governing party in favour of Sr Landelino Lavilla, the Speaker of the congress chamber, who has consistently upheld a more conservative party line.

Although only a limited number of UCD parliamentarians will formally join the *new party*, the defection of Sr Suarez is a *serious blow to* the governing centrists.

He welded together the political centre into UCD to contest and win the 1977 and 1979 elections and for the rank-and-file Spanish voter Sr Suarez' charismatic personality is indivisible from the UCD platform.

Sr Suarez faces considerable problems in making a political comeback including an expected difficulty in raising funds and the short-time left before general elections.

There are few doubts about *his potential* as a populist leader. A minority centre-left party, *such* as CDS, *could prove* an attractive coalition partner for the *Socialist* Party *should* the Socalists bear out their current *strong showing* in opinion polls in a national vote.

Sr Adolfo Suarez

Strike over aid to jobless

SEVILLE — Thousands of workers in *this impoverished* region of southern Spain struck illegally yesterday *to call for* more state aid to the jobless.

A union spokesman *said* several dozen towns were taking part and that police had arrested three union leaders in the Seville provincial headquarters, where they had locked themselves in with 80 other people.

The action is over a Government decision not to increase a fund used to pay unemployed farmhands for part-time work.

The civil governor's office, which has forbidden the strike, said it would deal harshly with strikers, shutting and fining establishments that took part in *the protest*.

Labour conflict also troubled *the northern port* of Gijon on Wednesday where about 1,000 people ran through the streets damaging property as part of a protest *against the* Cantabrico and Riera steel plant, which has not paid its workers after declaring a moratorium on debts.

Reuter

Small parties set to dominate Dutch poll

By Walter Ellis in Amsterdam

AMONG the determined political opponents facing *Mr Dries van Agt, the Dutch* Prime Minister, in the September *general election* is the Small Party of Haarlem, which is campaigning for the restoration of local democracy. While there is no Big Party, it is undoubtedly the multiplicity of Dutch political parties which makes it difficult to foresee how many *groupings will occupy seats in* the next parliament.

The main parties—Christian Democrats, Liberals, Socialists and Democrats '66—enter every election in the expectation of either joining a government coalition or being excluded from one. Nothing *is clear cut*, and *post*-poll negotiations are almost as *important as the result itself*.

This time around, 20 parties are *contesting the* election—eight fewer than in *1981. All 150* members of parliament will be chosen from their parties' lists, with the percentage of votes cast for each party determining how many of its candidates secure a seat. Thus, it is also important to win the pre-electoral battle for position.

The Small Party, by definition, is not set to make much of a national impact. Then there is the "God be with us Party," *an extreme Protestant* group contesting seats in *three of the country's 12* provinces and demanding *restoration of the words* "God zij met ons" in the Queen's speech to parliament, dropped by Queen Beatrix.

In addition, there is the Keep Holland White Party, standing in the thre big cities of Amsterdam, Rotterdam and the Hague. It is not expected to pick up any seats, despite growing racial tension in the Netherlands. But like other single-interest parties it could well distort the overall result of the election by diverting votes from serious parties.

*Sounding somewhat grand*er than West Germany's *"Greens" but aiming for the* same type of constituency is *the Progressive Party* for Environment, Jobs and the *Conservation of Society. It is* active only in Amsterdam

In the middle, between these fringe groups and the *big four, lies an important* element in the Parliamentary make-up. *The Pacifist Socialist* Party, the Communists, the Calvinist Political Reformed Party, the Reformatory Political Federation, the Reformed Political Union, the Democratic *Socialists, the* Radical Socialists, the Christian *Evangelical* People's Party, the Centre Party, the People's Party and the Roman Catholic Party of the Netherlands are all, to a greater or lesser extent, genuine political contenders.

All told, they won 15 seats in the last general election and they pose a real threat to the hopes of their larger *rivals for quick* negotiations on a new coalition.

Peking group to build Hong Kong new town

BY ROBERT COTTRELL IN HONG KONG

THE HONG KONG Government has entered into a joint venture with a Peking-led consortium to develop a new town of 135,000 people. The town will be at Tinshuiwai in the North-West of Hong Kong's New Territories, near the Chinese border.

The consortium, Mightycity, had acquired 488 hectares of land in the hope of building a town of 535,000 people, but the Government refused to approve so large a scheme. The scaled-down project will require only 170 ha. The Government is to buy the surplus land from the consortium for HK$1.46bn (£146m) and plans to hold it as its first landbank for potential future development.

The announcement follows weeks of speculation that the presence in the consortium of China Resources, Peking's main trading and investment arm in Hong Kong, gave the deal a political motivation. The Hong Kong Government denies this, and says that its acquisition of the surplus land creates a "strategic reserve" allowing flexibility in government planning.

China Resources owns 51 per cent of Mightycity. The other major partners are the locally-quoted Trafalgar Housing, which is project manager, property group Cheung Kong and trading and investment conglomerate Wheelock Marden. Cheung Kong and Wheelock acquired the land from a local clan in 1978, while China Resources and Trafalgar bought into what became the Mightycity consortium the following year.

The entry of the latter participants yielded substantial profits for Cheung Kong and Wheelock, but the Hong Kong Government says that the money now being paid for the surplus land is less than the present consortium's total expenditure on Tinshuiwai, taking into account interest charges and development planning.

The terms of the Tinshuiwai agreement are that Mightycity will first surrender to the Government the whole of its 488 ha, on which is placed a valuation of HK$2.26bn. Of the 488 ha, 170 ha will be designated the development zone for the new town.

Mightycity will then be granted 40 of those 170 ha to build private housing for 67,500 people, while the Government will retain 130 ha for public development, including public housing for a further 67,500 people. The 40 ha regranted to Mightycity are valued at HK$800m leaving a net payment by the Government to Mightycity of HK$1.46bn.

Mightycity is bound under the terms of the deal to spend at least HK$1.46bn on its part of the development. If it spends less than that, it will forfeit the balance to the Government. If it fails to complete the development within 12 years, the 40 hectares will be forfeited to the Government, and Mightycity will not be able to reclaim the HK$800m at which the land has been valued.

The 12-year development will begin in two to three years' time. Its schedule takes the project up to the edge of 1997, the year in which Britain's lease on the New Territories expires. Peking's goodwill is particularly precious to Hong Kong as a decision on the colony's future status draws closer.

Tinsuiwai, currently a group of fishponds, will be filled and formed by the developer under contract to the Government. The Government expects its own expenditure on the project to total HK$3.92bn over the 12-year span.

Zaire warns creditors over $4.1bn debt rescheduling

BY MICHAEL HOLMAN

ZAIRE HAS warned its creditors that it will be forced to reschedule its $4.1bn (£2.34bn) external debt this year or accumulate further arrears.

A memorandum released by Mr Sambwa Pida Nbagui, governor of the Banque du Zaire, the central bank, states that Zaire's total medium and long term debt service obligations in 1982 are $946m (£540m), including $175m arrears.

"This debt service level substantially exceeds the country's financial capacity, says the memorandum, which concludes: "It is Zaire's intention to seek additional debt relief from its creditors during the course of 1982."

Although Zaire has been staggering from crisis to crisis since the mid-1970s, the current predicament requires major intervention by creditors. "A whole new size of rescheduling has got to be done to make any sense at all," said a London banker last night. "Imports have already been cut to the limit."

That Zaire was facing yet another economic crisis became evident earlier this year when the vital SDR 912m (£1.45bn) International Monetary Fund (IMF) programme was suspended after two drawings totalling SDR 175m because of failure to meet performance targets.

In particular, Zaire failed to keep its budget deficit within prescribed limits. The main reason was a drastic fall in earnings from its exports — copper, cobalt, diamonds, and coffee.

Receipts fell from $1.9bn in 1980 to $1.4bn in 1981, well below the forecast of $1.9bn on which the IMF programme and rescheduling measures, including a Paris Club agreement in July 1981 were based.

The bank forecasts a further fall in export receipts this year and a "substantial" balance of payments deficit which "will have to be financed primarily through either debt rescheduling or large accumulation of arrears."

The suspension of the IMF programme—the second largest in Africa—marked the virtual collapse of the country's recovery strategy. The IMF intervention was the critical component of a three-part package involving a World Bank - chaired consultative group, and the Paris Club.

When the latter met in July last year, member countries agreed to reschedule maturities falling due in 1981 and 1982, totalling $523m. But the 1982 rescheduling was contingent, the memorandum notes, upon maintenance of the IMF facilities.

An IMF team visited Zaire last month for negotiations on a new agreement, but this is not expected before the end of the year.

Iran may aim at Baghdad to stop summit

By James Dorsey in Kuwait

IRAN HAS launched a new massive offensive against Iraqi forces north east of Basra, according to a military communique. The offensive, which Iraq says it has repulsed, came as both Iran and Iraq focused attention on the venue of the non-aligned summit conference scheduled to be held in the Iraqi capital at the beginning of September.

Tehran Radio reported that in the two-pronged attack 60 Iraqi tanks and armoured vehicles had been destroyed and that large numbers of Iraqi soldiers were killed and wounded. The official Iraqi news agency confirmed the launching of the offensive on Tuesday evening but said that the Iranians had been forced to retreat.

Tehran Radio, however, said an Iraqi counter-attack on Wednesday morning had been repelled and that 157 sq km of Iraqi territory had been "liberated." Iranian Radio reporters at the front said that Iran had penetrated 12 km into Iraqi territory and had taken over Iraqi positions.

Following a meeting of Iran's high defence council, Mr Hojatoleslam Rafsanji, Speaker of the Iranian Parliament, said that Iran would not reveal its military plans and that only very few of the country's military leaders were aware of the target in Iraq. Stating that the destruction of cities contradicts Islam, he appeared to relish the idea that "nobobdy knows whether or not we want to take Basra."

President Saddam Hussein of Iraq was quoted as saying yesterday that Iraq would welcome Algerian meditation in the war. Diplomats say that this turnabout in Iraqi policy is an attempt to secure the convening of the non-aligned summit in Baghdad.

Diplomats doubt whether Iran will acquiesce in the convening of the summit. They point out that President Saddam Hussein, as leader of the Non-aligned movement during the coming three years, would gain both enhanced international prestige and the moral support of the Non-aligned world.

Iran may therefore wish further to demonstrate that the Iraqi capital is not a safe venue for Non-aligned leaders. Iran is said to be massing troops at Khanaqin, south of the Iranian border town of Qasr-e-Shirin, 100 km east of Baghdad. Military experts say that the terrain of this territory is well suited for armoured vehicles.

King Fahd

Saudis resist pressure on oil output

By Richard Johns

SAUDI ARABIA'S oil price and its level of production are expected to remain unchanged until the next meeting of the Organisation of Petroleum Exporting Countries (Opec) monitoring committee which is now scheduled for August 20.

King Fahd is understood to be resisting pressures from other members of Opec to reduce the ceiling on the Kingdom's output and from the four U.S. major oil companies, which are partners in the operations of the Arabian American Oil Company, to lower its prices.

His almost total preoccupation with the progress of the Gulf conflict and the Israeli-Palestinian confrontation in the Lebanon is said to be one reason why the crucial issues have been shelved.

Saudi output from the fields operated by the Arabian American Oil Company had fallen to something like 6m barrels a day (b/d) compared with an average of nearly 6.5m b/d in June. The four companies—Exxon, Socal, Texaco, and Mobil—are as anxious as ever to preserve their privileged access to Saudi oil but are becoming increasingly restive about the price being paid.

The $34 charged for Arabian Light, the reference for other members of Opec, has put them at a disadvantage at a time when the average for the producers' association in relation to the "marker" has dropped well below it.

The U.S. Department of Energy calculates that the median has now fallen to below $32 per barrel for Opec as a whole because of widespread discounting by other members.

At the last Opec conference in Vienna earlier this month Mr Abdul-Aziz al Turki, Saudi Deputy Minister of Oil, hinted that his Government might unilateraly trim its oil price because of the refusal by African producers of premium crudes to widen their differential. According to reliable information from Riyadh, King Fahd and Sheikh Ahmed Zaki Yamani, Minister of Oil, have shelved the issue for the time being.

Botha sets target for ceasefire

WINDHOEK—South African Foreign Minister Mr R. F. (Pik) Botha said yesterday that August 15 was the target date for a ceasefire in the Namibia (South West Africa) war, but he warned that several issues remained to be resolved.

Mr Botha said that as the time drew nearer it would be decided whether August 15 was a reasonable date for an end to fighting between South African-led troops and guerrillas of the South West Africa People's Organisation (Swapo).

He spoke before returning to Pretoria after briefing internal political leaders on Western peace plans. Earlier, Mr Botha said negotiations on an internationally acceptable agreement on Namibian independence had reached a critical stage.

He accused Mr Sam Nujoma, the Swapo leader, of ordering the assassination of Namibian political leaders and a sabotage campaign in the former German colony and denounced this as cold-blooded.

Mr Botha's statement said the Swapo threat made the issue of Cuban troop withdrawal from neighbouring Angola — where Swapo has its main bases—even more urgent. South Africa has said it wants the estimated 18,000 Cuban troops out of Angola before Namibia can achieve independence. Swapo and Angola have rejected linkage of the two issues.

Representatives of the five Western powers are due in Windhoek to brief the internal parties today on the progress of the Namibia negotiations in New York.

Reuter

Australian dollar fall sparks recession fear

BY MICHAEL THOMPSON-NOEL IN SYDNEY

FOR THE first time, the Australian dollar is worth less than its U.S. counterpart. Yesterday, the Reserve Bank of Australia announced that the official daily rate had been set at U.S.$0.9968, against $1.0039 the previous day. Foreign exchange dealers and international traders believe the Australian dollar will fall further, perhaps to $0.9500.

At the same time, figures released in Canberra yesterday showed that Australia's annual rate of inflation, as measured by the consumer price index, was 10.4 per cent in the year to June 30 1982—slightly lower than the 10.75 per cent forecast in last August's federal budget, but 1 percentage point higher than the rate of inflation in 1980-81.

Australia's inflation rate is now significantly higher than that of most of its major Western trading partners. Mr Malcolm Fraser, the Prime Minister, said yesterday that "selfish sections of the community" were causing irreparable damage to the economy with unrealistic wage claims and capaigns for shorter working hours.

The Australian dollar has now fallen by almost 33 per cent against the U.S. dollar since its peak rate in December 1973. It has fallen by 15 per cent since the start of last year, and by 8.3 per cent since the start of this year.

Numerous factors are at work, including the relative weakness of the local economy, the strength of the U.S. dollar on international markets, and speculative activity.

The current creeping, unofficial devaluation of the local currency has partially softened the impact of the domestic economy's deteriorating trade performance. In 1981-82, when Australia showed a record deficit on current account of A$9.1bn (£5.3bn), exports grew by only 1 per cent, to A$19.1bn, while imports surged, rising by 17 per cent to A$22.5bn.

Rock-bottom commodity prices would have meant a worse deficit on current account but for the unofficial devaluation.

The country's worsening inflation rate was spotlighted by a rise of 2.4 per cent in the consumer price index in the June quarter. For the first time, the June quarter rate took account of the cost of foreign holiday travel and additional household items, but home mortgage payments and consumer credit charges are still not included.

● Australian Defence Department officials in Canberra confirmed yesterday that Australia had no intention of obliging Britain to proceed with the sale of the aircraft carrier, HMS Invincible. Instead, the Cabinet has ordered a reappraisal of the criteria involved in selecting a new carrier for the Royal Australian Navy. The RAN may opt for a ship twice the size of Invincible.

The Cabinet has asked for a new assessment of Australia's anti-submarine warfare needs, and has called for the latest appraisals of short take-off and vertical landing aircraft, namely the British Harrier and the upgraded UK-U.S. version, the AV8-B.

Mr Fraser has expressed admiration for the Harrier's performance in the Falklands war.

Gandhi and Reagan find N-fuel compromise deal

BY PETER BRUCE IN WASHINGTON

THE U.S. and India have agreed on ways to end a four-year dispute over nuclear fuel supplies to the U.S.-built Tarapur atomic power station outside Bombay.

U.S. officials said yesterday a compromise agreement was expected to be formally adopted during President Reagan's talks with Mrs Indira Gandhi, the Indian prime minister, in Washington yesterday.

The U.S. has refused to sell India fuel for the plant since 1978 because New Delhi has refused to agree to full international inspection of all its nuclear facilities. Under the new agreement, officials said, India will be able to run the Tarapur plant on fuel supplied by France.

The Tarapur plant has always been open to full inspection by international regulatory authorities and U.S. officials said that under the new agreement New Delhi had agreed that the plant, used fuel stored on the site and the fuel to be supplied by France will remain under international safeguards.

The dispute over U.S. fuel supplies to Tarapur has been a major thorn in the side of Indo-U.S. relations since the Carter Administration decided it would no longer supply fuel for the plant unless India opened all its facilities to inspection. India had threatened in return to begin reprocessing spent U.S. supplied fuel through an unsafeguarded facility close to Tarapur.

The danger then was that the reprocessed fuel could also be used for military purposes. Indian officials said last year that there was enough plutonium in Tarapur's spent fuel for nearly 200 nuclear explosions the size of India's test blast in 1974.

The need for compromise arose because the shipments of U.S. fuel to Tarapur, which began in the 1960s, were stopped by the 1978 U.S. Nuclear Non-Proliferation Act. That legislation is still active.

David White adds from Paris: French officials confirmed yesterday that talks were under way on a deal which would involve France taking over from the U.S. a contract to supply nuclear fuel to India.

They emphasised that the French involvement was at the express request of both the Indian and the U.S. Governments.

Supplies of the slightly enriched uranium, which India needs to run the Tarapur nuclear plant providing Bombay with electricity, would be subject to a set of safeguards which have still to be negotiated.

U.S. offers compromise on Taiwan arms supply

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. has offered China a new compromise on the vexed question of U.S. arms sales to Taiwan, according to Senator Barry Goldwater, a leading supporter of Taiwan in the U.S. Congress.

Mr Goldwater told the New York Times the U.S. had told Peking it would "not sell to Taiwan any higher quantity or quality of arms than we are doing now." This means, he said, that the F-5E jet fighter which the Reagan administration decided in January to continue supplying to Taiwan would be the "best plane Taiwan is going to get" from the U.S.

The Taiwan government has been pressing the U.S. for a more advanced version of the fighter, known as the FX, while the Chinese government has said that continuing the supply even of F-5Es would seriously damage Sino-U.S. relationships.

In the long term, a freeze on the quantity and quality of U.S. arms supplies would mean the abandonment of Taiwan's defences, Mr Goldwater said. He and other conservatives in Congress are therefore bound to oppose the Reagan administration's compromise.

The Chinese Government has not yet replied to the U.S. offer, according to administration officials. The Chinese Government's original demand had been for a clear statement from the U.S. that all arms supplies to Taiwan would cease by a specific date.

However, President Reagan said at his press conference on Wednesday that the Chinese had been told and now understood that the U.S. would not abandon "our friends in Taiwan."

Venezuelan oil tax claims may be settled soon

BY KIM FUAD IN CARACAS

VENEZUELAN tax claims totalling some $1.2bn against U.S. and European oil companies may be on the way to settlement, thanks to a reform of the country's tax code.

The new tax code, signed this week by President Luis Herrera Campins, provides a legal basis for resolving tax claims through out of court settlements.

Based on past experience, this could mean the claims would be settled with payment of about one-third of the total demanded.

Settlement has become increasingly important for Venezuela as it has begun to look to foreign investment for development of its 1.5 trillion (million million) barrel heavy oil potential in the Orinoco oil belt.

The claims date back to 1967 and are based on the companies' estimation of oil prices but also include a controversial interpretation of a 1970 tax reform, which would make the companies liable to pay increased taxes on the 1.2bn barrels of oil sold that year.

Immediately at stake are some $389m, forming a part of a special guaranty fund the companies were forced to post with the Venezuelan Government after the compensated takeover of the industry in 1976. The fund, equivalent to 10 per cent of the companies' accumulated investments in the industry at that time, was established to cover replacement or repair of the assets acquired by Venezuela, as well as any pending commitments, such as tax claims.

The companies had originally intended to use the fund to pay ordinary tax claims totalling around $400m.

At present, the state oil industry has some $5bn in funds for investment and will probably seek loans on the short term for continuing its development plans. But in the medium and longer term, foreign investment, in the form of "association" has been posed to cover any capital shortfall.

Oil spill claims upheld

CHICAGO—A Federal Judge has refused to throw out billions of dollars of claims against Standard Oil Co. (Indiana), brought after a 1978 oil spill off the coast of France.

Standard began its defence on Wednesday after Chief U.S. District Judge Frank J. McGarr denied a motion to dismiss the case stemming from the grounding of the supertanker Amoco Cadiz on March 16, 1978, and the subsequent spill.

The case is being tried in Chicago, location of Standard's corporate headquarters. The tanker was owned by Amoco International Oil Co, a Standard subsidiary.

McGarr denied the motion without elaboration. AP

Grave doubt over funeral sales rule proposal

By Paul Betts in New York

THE FUNERAL parlour and undertaker have always held a special role in American folklore. In the days of the Old West, undertakers used to measure up prospective clients as they walked with key eyes to shoot it out in the steamy main drag, while more recent years saw the heyday of the Hollywood-style Palais of Heavenly Peace, with Muzak, marble and gadgetry to make the stairway to the stars the most memorable of journeys.

Of late, however, the image of the American funeral parlour has suffered badly. The funeral business has just undergone a decade-long investigation by the Federal Trade Commission, the U.S. Government's fair trade watchdog, following complaints from unhappy customers claiming that funeral homes often take advantage of grief to make a fast buck.

The commission has formulated a new regulation which, if approved by Congress, will require funeral parlours to give customers full details of prices and different services before a "sale."

The regulation is already meeting fierce opposition. The industry claims the Commission acted on unreliable facts and statistics, a long compilation of anecdotes and subjective grouses by individual consumers.

Indeed, not everyone at the Commission agrees. The rule was adopted by a three to one vote, with the chairman of the commission, Mr James Miller, voting against because he felt the rule was unlikely to stand up in court on the evidence available.

The evidence consists of scores of complaints received by the commission from angry consumers, who gave personal testimony about what they claimed were unscrupulous and unhelpful practices by funeral directors.

Under the new rule, funeral directors would have to disclose all prices and services, and make a list of these available in writing. Services would have to be available as separate items as well as in packages.

One of the commissioners, Mr Michael Pertschuk, said the rule was "a modest step towards restoring some power to the consumer in this most unique and painful purchase." But the regulation's passage is by no means a foregone conclusion.

Peter Bruce in Washington reports on the behind-the-scenes activities of President Reagan's rarely sighted Ambassador-at-Large

Vernon Walters: the peripatetic lifestyle of a legendary linguist

IT IS just possible that in the next few months, or even weeks, the U.S. Government will announce that it has managed to secure the withdrawal from Angola of some 15,000 Cuban troops and about 60,000 South Africans from neighbouring Namibia. A settlement to the 15-year nationalist conflict in Namibia is nearer than ever, although diplomats endlessly caution that nothing is certain.

What is certain is that the U.S. State Department does not wish to reveal the whereabouts of a 65-year-old, 6 ft 3 in, 15-stone former U.S. Army general, whose pivotal role in any break in the impasse over Namibia is only just beginning to emerge.

The latest sighting of Mr Vernon A. Walters, Ambassador-at-Large (Dick to his friends), occurred in Lisbon last week, leading Africa watchers quickly to assume that the Portuguese were somehow being drawn into the issue, perhaps to help calm frayed nerves in Angola, Lisbon's former colony. "Walters doesn't visit places for fun," said one Western diplomat who knows him. His frequent trips recently to Luanda, Angola's steamy capital, bear that out.

Gen Walters could be called one of the Reagan Administration's few secret weapons. Officials say he probably travels more than anyone else in Government. He has been quoted as saying that only one in four of his trips are known outside the State Department.

Success over the Namibia issue would probably not count much for Gen Walters. In a career which stretches from army private in World War Two to his current appointment as ambassador-at-large, he has served as an aide or political undercover man for Mr Harry Truman, Mr George Marshall, Gen Dwight Eisenhower, Mr Averell Harriman, Mr Lyndon Johnson, Mr Richard Nixon and Dr Henry Kissinger.

He is probably one of the least vulnerable members of the Reagan Administration, winning praise from conservatives for his sense of *Realpolitik* and for keeping his distance from human rights issues. One senior Senate aide noted recently that "Dick Walters is not out there running a shutle with his face in the newspapers. He knows more world leaders thany anybody else except our ex-presidents, and he not only speaks to them in their own language, but in their own dialect."

Gen Walters admits that his mastery of language has been the key to his influence. Once in the army he was quickly co-opted by successively senior officers and politicians largely because of his facility with languages and, apparently, a remarkable memory for conversations. Gen Walters spoke seven foreign languages fluently —French, Portuguese, Spanish, German, Italian, Dutch and Russian—as well as a range of dialects.

"Dick could make contact with an Eskimo and learn the language going out on the plane," said a friend and former director of the Central Intelligence Agency. Gen Walters was himself a deputy CIA directr from 1972 to 1976. A Nixon appointee, he escaped unscathed from an attempt by the Nixon White House to get the Agency to head off the FBI's Watergate investigation. Gen Walters told his superiors there was no need to stop the investigation and threatened to resign if the issue was pushed.

What little has been published about Vernon Walters (besides some anecdotal publications of his own) hold him up to be less of an intellectual in the Kissinger mould, than a "fixer" with a finely tuned ability to adapt psychologically to the people he deals with.

There may be some truth in that, for in spite of the secrecy and discretion that his duties have demanded, he is reportedly a gregarious man, prone to drop names at parties and has been accorded a reputation for showing off his linguistic prowess. One story has a woman being introduced to him at a party as a Corsican, whereupon he launches into a lengthy joke in French—and in a flawless Corsican dialect.

But even if these stories of boastfulness were true, U.S. governments over more than two decades would happily indulge him. It was Gen Walters who kept the North Vietnamese at the Paris negotiating table in the late 1960s and early 1970s.

His style, perhaps because of the secrecy that surrounds him, is legendary. During the Paris talks on Vietnam, Gen Walters was mandated to devise a way of getting Dr Kissinger to Paris to talk to the North Vietnamese without anybody finding out. The Vietnamese had insisted on total secrecy.

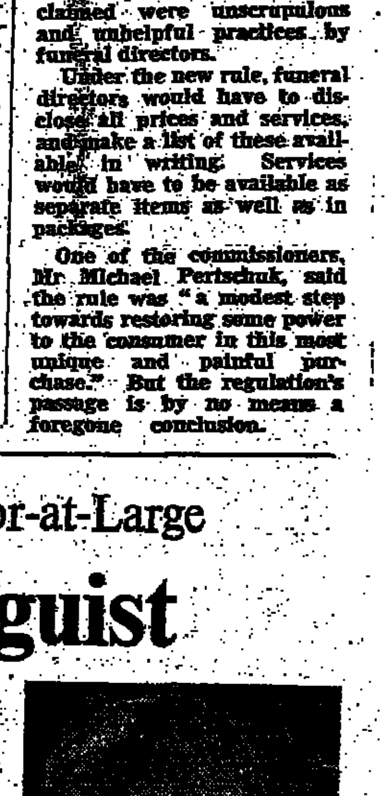
Gen Walter's solution was to use the weekends, when Dr Kissinger would not be missed. The former Secretary of State would dine publicly in Washington, preferably with a glamorous companion, on Friday. At about midnight he would plead work and dash off to the airport after escorting his companion home. Air travel was done in Air Force One, the only Government aircraft whose passenger manifest is never published. Gen Walters, at this time senior defence attache in Paris, would direct the aircraft to an obscure military airfield and drive Dr Kissinger into Paris. By Sunday night Dr Kissinger would be back in Washington, having spent a "quiet" weekend out of the limelight. That scheme worked 15 times before the ploy was discovered.

A lifelong bachelor, Gen Walters was born in New York, the son of an insurance executive, on January 3 1917. Part of his schooling was spent at Stonyhurst, the British Catholic public school, and at St Louis Gonzaga in Paris. With some exception, he is out of power during Democratic administrations and tends to write or take up consultancies. One of his clients during the Carter Administration was, reportedly, a U.S. company interested in selling arms to Morocco, where he has wide contacts. He has also worked for oil companies prospecting in Guatemala, where he is said to have friends in government.

Whatever success the West enjoys in its efforts to bring Namibia to independence, it seems inevitable that Gen Walters' name will crop up again during international crises, at least during the current administration. He is simply too useful to let go and probably knows it.

One anecdote tells of him making a Herculean effort to maintain Dr Kissinger's secrecy during the Paris talks which nevertheless failed to please totally the Secretary of State. Gen Walters told Dr Kissinger to stop grumbling and was immediately given a dressing down. Later, Gen Walters related in his book, Silent Missions, Dr Kissinger turned to him in half apology and said: "I know, I know. No one else does for me what you do."

"Dr Kissinger," Gen Walters replied, "you are so right."



Gen Walters ... too useful to let go and probably knows it

WORLD TRADE NEWS

AT & T awarded echo-canceller order by Japan

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

AMERICAN Telephone and Telegraph International has been selected to supply echo cancelling equipment to Nippon Telegraph and Telephone (NTT), the Japanese state telecommunications entity, it was disclosed yesterday.

ATTI will be the first foreign company to participate in NTT's Track III procurement programme which covers telecommunications equipment developed specially to meet NTT's needs. Entry to Track III was liberalised for foreign companies at the beginning of last year.

The equipment which ATT will supply to Japan consists of echo cancellers for CS-2 satellite stations which NTT began installing this year.

The U.S. company was chosen to supply the equipment in preference to Japanese electronics manufacturers, after NTT discovered that ATTI already had developed a prototype echo canceller suitable for communications satellite stations.

Before it knew of the existence of the ATTI prototype, NTT had planned to develop echo cancellers for its next generation of satellite stations, due for installation from 1985 onwards. Echo suppressors were to have been used on the CS-2 generation of stations.

NTT's Track III procurement system normally calls for joint development of a new telecommunications device by at least two private companies working under the direction of NTT's own technical specialists.

The joint development system is favoured by NTT as a means of ensuring "stable supply" of the components in question, but appears to have been viewed with some misgivings by foreign companies.

In ATTI's case, only one company will be involved and the "development" will consist simply of arranging for mass production a component which already exists as a prototype.

NTT hopes to be able to start taking delivery of the ATTI echo cancellers in about a year.

It expects to equip about 5,000 satellite channels with echo cancellers at a cost of "appreciably more" than Y100,000 (£227) for one canceller.

Russia may use own turbines on gas pipeline

By David Buchan

THE SOVIET Union's chief pipeline builder has raised the possibility that it will try to replace all the 25 MW turbines which it has planned to buy from Western Europe for the Siberian gas project, with turbines of "Soviet make."

A constant theme in the Soviet response to the extended Reagan sanctions on use of U.S. technology in the pipeline has been the growing Soviet capacity to make its own turbines.

Mr Boris Shcherbina, Minister for building enterprises in the oil and gas industry, has taken this a step further in a Tass interview this week by stating that the 4,660-Km pipeline to Western Europe" will be equipped with turbines of the same capacity as planned before (the sanctions), but now they will be of Sovier make."

On the face of it, this statement could suggest that Moscow, perhaps as a defiant gesture of its independence of Western and U.S. technology, is considering, scrapping or scaling down its turbine contracts with West European companies.

More likely, Mr Shcherbina was stressing that the Soviet Union has its contingency plans, if western companies failed to deliver.

Drive to raise standards of British goods

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE UK Government yesterday launched a four-pronged initiative to raise the status of British standards and quality assurance systems, with the aim of improving industrial efficiency and international competitiveness.

The aim is to produce recognised national standards, which reflect the needs of international markets, with the use of quality assurance systems, which testify to customers that sound technologies are being used.

The initiatives were published in a White Paper* which notes the variable quality of present British standards and urges a change of aproach.

"The Government's objective is not to promote British standards regardless of their quality but to encourage reliance on standards which hold sway in world markets. This may mean that a larger number of British standards should be derived from foreign or international standards," the White Paper said.

The way in which the Government intends to act is based on:

- closer co-operation with the British Standards Institution (BSI), the national standards body, in the drawing up of internationally respected standards which are suitable also for regulatory needs and public purchasing;
- The greater official use of standards for regulatory use;
- more emphasis in public purchasing on the use of existing technical standards than on those particular to the buying agency;
- encouragement of certification schemes, including possibly an associated national mark.

Lord Cockfield, the Trade Secretary, commenting on the White Paper yesterday, said: "The success of our overseas competitors is often ascribed to them having extremely good standards systems," Paul Cheeseright writes.

It was time for a new intiative to improve British standards, he added. This would be a co-operative venture involving the British Standards Institution, industry and government in its purchasing role.

It is in this fourth area that the most visible signs of the Government's policy will be apparent. It would involve movement in three sectors.

The BSI's Kite-mark and Safety-mark schemes would be extended. These are certificates denoting that a product meets a British standard or that it complies with the BSI's safety requirements.

At the same time the Government is considering central arrangements for assessing and accrediting certification schemes which over the years have developed piecemeal. This could be supplemented by a "national accreditation mark," denoting that a product had been certified under a national scheme, the idea being to enhance confidence in the product's quality.

Further, the Department of Trade hopes by the end of this year to publish a register of companies which have been assessed as meeting quality assurance standards laid down by the BSI by either public authorities or independent bodies like the BSI itself.

As part of the wider drive to improve standards and widen their acceptance, the Government may introduce new legislation as part of its review of the Consumer Safety Act 1978 and the building Regulations of the Public Health Act 1936 and amendments made in 1974.

Although the Trade Secretary can prevent the supply of unsafe goods through existing Acts, there is no general duty on manufacturers not to market unsafe goods. The Government is thinking of imposing such a duty.

* *Standards, Quality and International Competitiveness, Department of Trade; Command 8621; HMSO; £2.55.*

Imports of textiles into UK show volume rise of 13%

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

A BIG increase in imports of textiles in Britain took place in the first quarter of this year, according to the British Textile Confederation.

Official figures have been delayed because of technical difficulties but the BTC estimates that the rise in the first three months of the year was 13 per cent by volume compared with the same period of 1981.

The biggest single increase was in woven fabrics, which jumped 24 per cent. Other big rises were recorded by fibres (20 per cent) and underwear (11 per cent).

These figures would suggest that imports have become relatively more important in total turnover compared with home production since output of textiles is estimated to have dropped by 5 per cent in the quarter, and was even 2 per cent down on the depressed last three months of last year.

Similarly, output of clothing is believed to have fallen by 6 per cent.

The technical difficulties arise from new methods of recording trade data introduced following Sir Derek Rayner's report on the Government's statistical services.

There was also some hangover from last year's industrial action in the civil service which has still not been cleared up in terms of 1981 figures published.

It is clear from the first-quarter figures, however, that imports of textiles and clothing are continuing the upward trend which originated in the third quarter of 1980.

Turning to exports, the BTC notes that there was a drop of 9 per cent by volume in the first quarter of this year, with fibres and filament yarns falling by an estimated 23 per cent.

Since the March, 1981, figures are not to hand because of the dispute, it will be another month or two before definitive figures do become available.

U.S. steel talks team arrives in Brussels

BY GILES MERRITT IN BRUSSELS

THE VANGUARD of a U.S. Government negotiating team that hopes to pave the way towards a transatlantic pact on steel arrived in Brussels yesterday.

Led by Mr Gary Horlick, U.S. Deputy Assistant Secretary of Commerce for import administration, the five-man team has begun a series of talks that could span four days.

The discussions on EEC steel export licences that would govern any self-limitation pact by European steelmakers are paralleled by a serious deadlock inside the Community over the cuts that different EEC states are themselves prepared to make.

West Germany, the Netherlands and Luxembourg remain adamant after four days of meetings in Brussels over their refusal to accept pro rata reductions in their traditional U.S. market shares.

Although many chief executives of Europe's steel giants were called back from holiday to take part in Eurofer negotiations on burden-sharing proposals that would spread the impact of steel export cutbacks throughout the EEC, no progress has yet been made.

West Germany, which has a share amounting to some 1.8 per cent of the U.S. market, is insisting, with the other two EEC states so far unaffected by the U.S. preliminary countervailing duties of up to 40 per cent, that it should retain its U.S. export levels and that the reductions should be borne by Britain, France, Italy and Belgium.

It is far from clear that the European Commission will be in a position to shape fresh proposals on a global steel pact in time for the arrival tomorrow of Mr Lionel Olmer, the "Number Two" at the U.S. Commerce Department.

Mr Olmer's discussions with senior Commission officials are intended to establish a framework for final negotiations in Washington on August 3-6 between Mr Malcolm Baldrige, U.S. Commerce Secretary, and Viscount Etienne Davignon, EEC Industry Commissioner.

To compound the uncertainties surrounding next week's scheduled negotiations in Washington for a pact to end the steel row, Mr Olmer may well reject the basis of the proposals which the European Commission is now attempting to sell to member-governments and their steel producers.

According to U.S. officials, it is far from certain that the U.S. Government accepts the Brussels view that any agreement should exclude pipes and tubes, or that it agrees on a 1977-81 reference period against which cutbacks should be measured.

In the past, the U.S. position has been that the EEC's thriving pipes and tubes trade should also be included in any pact, while it has urged that a 1979-81 reference period would be more equitable.

The only signs in Brussels yesterday of a breakthrough that would end the EEC states' internal wranglings have been unconfirmed reports that the European Commission may choose next week to negotiate a cutbacks deal with Washington.

TRADE WITH SOUTH-EAST ASIA

Britain bedevilled by reputation for strikes

BY STEPHANIE GRAY

BRITAIN'S trade performance with South-east Asia is still bedevilled by its 1970s reputation as a strike-bound nation that does not follow through with its contracts, a Parliamentary select committee on trade was told this week.

As a result, other industrialised countries have steadily eaten away at Britain's share of what was once a secure and traditional market. Its 10 per cent slice has been whittled down to 6 per cent over the last decade.

Apart from recent serious discrimination against Britain by Malaysia and the 1980 textile war with Indonesia, it was Britain's unfashionable reputation that was a significant factor in the loss of its competitive edge in the region.

This view emerged in evidence before a select committee hearings on trade with the Association of South East Asian Nations (ASEAN), which comprise Indonesia, Singapore, the Philippines, Thailand and Malaysia.

Mr Norman Rees, the Trade Minister, cited Japanese "kamikaze" methods and "ruthless practices" on the part of the French as reasons for the fall in business. But another was the shift towards Europe as a result of Britain's accession to the EEC.

Witnesses from the South-East Asia Trade Advisory Group (Seatag), an offshoot of the British Overseas Trade Board, said that, with tied aid becoming the most important factor in winning big contracts in the region, France had doubled its aid budget in GNP terms.

Its export credit agency, Coface, paid much of the initial sales expenditure for French companies under the heading of research—a means by which, witnesses claimed, the French avoided action under the General Agreement on Tariffs and Trade (Gatt) world trade organisation.

The most glaring examples of Britain's loss of competitiveness are shown in figures which indicate a decline from 13 per cent of the OECD share in the Singapore market in 1970 to only 3½ per cent in 1980. In Malaysia, the share dropped over the same decade from 24 per cent to 9 per cent.

By comparison, the U.S. share of the Malaysian market rose from 10 to 24 per cent in the decade, and Japan's from 28 to 36 per cent. The French, starting from a low base, maintained their performance at about 4 per cent, but the figures do not record the most recent surge which is put down to vastly increased aid provisions.

Other evidence claimed that:

- The Overseas Development Administration, which administers the British Aid and Trade Provision (ATP), did not have an intimate enough knowledge of industry to provide speedy decisions and action. The Department of Trade, witnesses suggested, should be responsible for the ATP vote.
- The Export Credits Guarantee Department was over-concerned about the risk of covering some business in the area especially in the Indonesian private sector. It was admitted, though, that reliable credit information was difficult to secure in some areas.
- British businessmen were "too shy" of increasing counter-trade policies and joint ventures.

UK NEWS

Fine art sales decline

By Antony Thorncroft

THE EXTENT of the decline in the fine art market was revealed yesterday when Christie's and Phillip's announced their end-of-season sales figures.

Christie's worldwide brought in £172.633m in 1982-82, a 10 per cent fall on the record £193.482m of the previous season. Phillip's announced a turnover of £32.81m, a fall of 1.6 per cent in the year.

Sotheby's, the largest of the fine art auction houses, announced its results earlier this month to coincide with its half yearly financial results. It reported a more substantial decline, down from £353.082m worldwide to £267.775m, and at the same time disclosed a half year loss of £1.5m.

Although it is not as large as its Bond Street rival, Christie's has usually returned better financial results. Mr John Floyd, chairman, attributed its comparatively small fall in turnover in part to its lowering of its premium charged to buyers in January to 8 per cent at its main King Street saleroom. This move seems to have attracted more of the declining business.

All told, sales in the UK were £79.657m, against £85.037m in 1980-81. Its South Kensington saleroom actually increased its turnover by £1m to £16.479m. Sales in New York were £6.5m lower at £67.585m.

Phillip's, the smallest of the big three, has recorded the smallest fall in sales volume. Like Mr Floyd, Mr Christopher Weston, chairman, attributed the poor season to high interest rates in the U.S., fluctuating exchange rates and lack of buying demand from the trade, especially for items of middle quality.

MPs urge end of monopoly on research discoveries

BY DAVID FISHLOCK, SCIENCE EDITOR

THE British Technology Group should lose its monopoly of rights to inventions and discoveries made as a result of the £464m a year spent by the Government on its research councils, says an all-party select *committee of MPs.*

The MPs, who have been examining biotechnology research in Britain, make 21 recommendations for strengthening the country's research *base and improving the chances* of biotechnology discoveries being exploited commercially in Britain.

A key recommendation is that "the BTG's monopoly *rights over research funded by* the research councils be removed and that, while it should have the right to be informed of all patentable inventions, the restrictions on *scientists taking their research* to the open market be abolished."

The BTG has a monopoly right through the National Research Development Cor*poration, its new technology* arm, set up in 1948 as a Government agency for the exploitation of publicly funded research.

The MPs are highly critical of relations between the agency and university researchers.

They report receiving "a good deal of criticism to the *effect that useful ventures re*jected by the NRDC had been taken up elsewhere, that letters had gone unanswered, and that the NRDC had not been popular with industry."

They admit that they did not investigate the justice of such complaints "but feel they are symptomatic of the relations which have been developing with the NRDC."

They also acknowledge that worldwide annual sales of the cephalosporin antibiotics—a biotechnology product patented and supported commercially by the NRDC—now total £1.1bn.

The report also calls for an urgent review of relations between the Medical Research Council and Celltech, the new biotechnology company in which BTG has a stake.

The MPs want such a review of Celltech to be made before any new moves are made to set up a "country cousin" of Celltech, to exploit genetic engineering inventions by the Agricultural Research Council.

Other recommendations from the select committee are:

● The "lead" department for *biotechnology in Britain, cur*rently the Department of Science, should be the Department of Industry, which should also be responsible for overall promotion.

● *The Department of Industry* should make a study of tax incentives for research.

● The Department of Industry "and other bodies should take every step necessary to improve *the links between industry and* the universities."

BTG said yesterday a Whitehall committee was already investigating the question of monopoly of rights to public *sector inventions against the* background of the legislation needed to formalise the existence of BTG.

Biotechnology: interim report on the protection of the research base in biotechnology. House of Commons Paper 289. SO: £6.05.

Alliance granny bond decision likely

BY ERIC SHORT

THE Alliance Building Society is expected to announce today whether it will go ahead with the launch of its index-linked granny bond.

The society announced at the beginning of last month it would launch the first building society investment scheme linked to the Retail Price Index on a similar basis to the index-linked National Savings certificates. The five-year bond would revalue capital in line with movements in the price index and pay a 10 per cent bonus at the end of the period.

Alliance said at the time of the announcement that *tax changes in the Finance Bill* now enabled it to offer an index-linked bond.

However, certain building society executives have expressed doubts over the legality and wisdom of such a bond, since the role of building societies is to raise finance for mortgages and not to invest specifically in index-linked stocks.

Alliance has been discussing the position with Mr Michael Bridgeman, the chief registrar of Friendly Societies. The outcome of the talks and Alliance's actions should be known today.

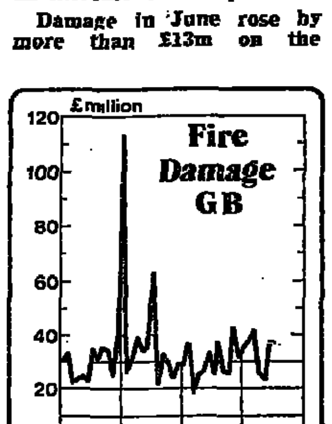
Fire damage up 17.2% in first half

By Eric Short

FIRE DAMAGE costs this year are rising much faster than inflation, according to the British Insurance Association.

Figures issued yesterday showed that damage in the first six months amounted to £197.5m against £168.4m in the first half of last year, an increase of 17.2 per cent.

Damage in June rose by more than £13m on the



month to £36.2m, with the fire at L. E. King's kitchen and catering equipment warehouse in Tilney St Lawrence, Norfolk, costing an estimated £4.5m.

However, June's figure was only £2.5m higher than that of June last year, despite this rise, fire costs in the second quarter of 1982 at £84m were £1.5m lower than in the second quarter of 1981.

One disturbing feature of June's figures was that out of 15 fires where damage cost £250,000 or more, four were in schools or colleges.

Lear Fan aircraft company pilots an uncertain course

THE NEWS that the Lear Fan aircraft company, which operates a plant outside Belfast, was to give its workers an extra, unpaid week's holiday, has caused ripples of concern far deeper than the circumstances might seem to warrant.

As the local official of the Irish Transport and General Workers' Union, Mr John Freeman, put it: "Northern Ireland cannot afford another industrial setback."

People in Ulster are still sensitive about the De Lorean car company being put into receivership and the loss of Hyster's computerised truck plant to the Irish Republic. Lear Fan in the words of its managing director, Mr Darwin Templeton, "is the most exciting project ever to come to Northern Ireland."

There is little doubt about the glamour. The Lear Fan is a unique, technologically advanced, executive aircraft, whose designer, the late Bill Lear, spread his genius in aerospace to car stereos.

The eight-seater aircraft uses a new carbon fibre material instead of traditional steel and aluminium. A V-shaped tailplane takes the place of a fin and rudder, and twin engines drive a rear mounted propellor in the manner of a ship's screw. The end result is an aircraft which, the makers claim, is faster, cheaper and more economical than the competition.

If the project succeeds, there could be an eventual 4,000 jobs for the hard-pressed Northern Ireland economy, although the official target is only 1,250. The Northern Ireland Department of Commerce has taken a 49 per cent stake in the company and committed itself to spending £27m over the five-year development programme. Some

Lack of funds could clip the wings of a project which means jobs for depressed Northern Ireland, reports Brendan Keenan

$44m (£25.2m) was raised from shareholders in the U.S. and an investment partnership organised by financiers Oppenheimer and Co.

This, however, will not be enough to get the aircraft into production. "We are going to produce 20-30 aircraft a month, at £1m a piece," says Mr Templeton. "Obviously we are going to need money."

The company has been trying to raise new finance in the U.S. since April when, according to the magazine Business Aviation, agreement was reached on a package worth $65m (£37.3m) to $90m (£51.6m). But the current climate in the U.S. is clearly posing difficulties.

Mr Templeton will not discuss figures but, if the aircraft is to reach full production, even these sums may not be enough. Advance orders with a 10 per cent deposit produced badly needed cash, but trade union sources claim that inflation means that the company will lose money on the first 73 aircraft sold.

Lear Fan claims that it will seek money from the Government only in line with extra jobs created above the present level of 560 at its Ulster plant. (Another 400 are employed in Reno, Nevada.)

The Government, however, will still have to decide on the chances of those jobs coming to fruition and the project proving a commercial success.

On the positive side, Lear Fan has secured 273 advance orders. The prototype has flown and is living up to expectations, particularly on its low fuel consumption. The market for business aircraft is booming.

Against that, the aircraft still has to get its certificate of airworthiness, which is scheduled for next June.

Its design will present the authorities with novel problems. Carbon fibre is immensely strong but it is brittle and can shatter under impact. The compound engine driving a single gearbox, although normal in helicopters, is unusual in fixed-wing aircraft.

Certification holds the key, not just to further orders, but to further finance. One source close to the company said that, if the aircraft were certified, the company's request for capital would be over-subscribed 10 times.

Further Government help, as well as private funds, may be required to get the Lear Fan to certification. That will not be easy in the wake of De Lorean, although the parallel should not be exaggerated.

Failure would be a body blow, as Northern Ireland struggles to reconstruct its industrial development strategy. The stakes are sky high.

Select committee warns of threat to health service

NATIONAL HEALTH services will decline unless health authorities save cash through greater efficiency in accordance with Government demands, a commons select committee warned.

The social services committee, chaired by Labour MP Mrs Rene Short, also voices suspicions that the efficiency savings are spending cuts in disguise.

A report from the committee published yesterday says the central message of the Government's spending plan for the health service is: "If efficiency savings are not made to the required degree there will be a contraction of services."

The idea of efficiency savings is thoroughly unclear," the committee says. "If authorities save money by greater efficiency, well and good. If they do not, however, the results will be that they have fewer resources.

"There is some suspicion that efficiency savings are becoming a regular euphemism for expenditure cuts."

The committee predicts a decline in personal social services. The Department of Health and Social Security estimates 2 per cent annual growth is necessary merely to maintain existing services. But the Government's spending plans show only a 2 per cent increase for the whole of the four years to 1983.

"This would represent a considerable shortfall on what the department estimates to be necessary simply to maintain services," it says.

The report says: "We fear there is a danger that health authorities will achieve the *savings simply by cutting back* on maintenance programmes and deferring well-planned development for which a firm need has been shown.

"A transfer of money from the capital programme to revenue to pay for an increased salary deal may simply exacerbate the situation. False economies of this sort may well lead to higher future costs."

The committee recommends that health authorities and the Government "resist the temptation of running down spending on planned service develop*ment under the guise of efficiency savings.*"

It rejects suggestions that there can be significant savings in management costs and warns against expectations of finding additional money by selling off health service assets.

Mail magazine sales push

BY JAMES McDONALD

THE COLOUR magazine to be published in October with The Mail on Sunday, the Sunday companion of the Daily Mail, is the first of several extra moves, according to Lord Rothermere, chairman of Associated Newspapers, the publishers.

The Mail on Sunday, which was launched in May after a £3m advertising campaign, failed to meet its 1.25m target circulation in the first three months and is believed at present to be between 800,000 and 900,000.

At the beginning of this month the editor of The Mail on Sunday, Mr Bernard Shrimsley, resigned and Sir David English, editor of the Daily Mail, appointed interim editor.

Associated Newspapers had announced a £12m budget for the start-up costs of The Mail on Sunday, including initial losses. Half year profits to the end of March for Associated Newspapers, announced two weeks ago, were halved to £5.4m from £10.8m a year earlier and pre-publication costs for the new Sunday paper were largely responsible.

The early introduction of a colour magazine is intended to stimulate circulation and bring in more advertisers.

Mangos—the fruit of urban deprivation

FOLLOWING the Government's onslaught on quangos, a new set of semi-official bodies is coming under the spotlight. They are known as mangos.

A mango, according to two political scientists, is defined as a "mutually non-effective group of organisations" and tends to flourish in depressed urban areas.

It is justified, they say, by the need to co-ordinate different government organisations. But instead of tackling urban deprivation a mango can simply get tied up in red tape.

Dr Simon Booth and Dr Douglas Pitt of Strathclyde University have published a study in which they say setting up mangos does not necessarily lead to more effective policies. Control is centralised in the hands of bureaucratic officials divorced from the problems of people living in slum areas.

In place of mangos, the authors want to see a new organisation within local authorities that has a say in spending cash and has close ties with people living in depressed areas.

The growth of Mangos: Published by Strathclyde University: £1.75.

LEGAL NOTICES

THE INSURANCE COMPANIES ACT 1981
SOUTH AFRICAN MUTUAL
FIRE AND GENERAL INSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that South African Mutual Fire and General Insurance Company Limited (hereinafter called "SAMFAG"), a company incorporated in the Republic of South Africa and whose registered office is at Mutual & Federal Centre, 69 President Street, P.O. Box 1120, Johannesburg 2001 in the said Republic, has applied to the Secretary of State for Trade for his approval of the transfer as at 30th September 1982 by SAMFAG to Royal Insurance Public Limited Company, a company incorporated in England and whose registered office is at 1 Cornhill, London EC3V 3QR, of all the rights and obligations of SAMFAG under such general policies as are specified in the Agreement providing for such transfer.

Copies of a statement setting out particulars of the transfer and approved by the Secretary of State for the purpose are available for inspection at the following offices of Royal Insurance Public Limited Company:

Group Head Office
1 Cornhill, London EC3V 3QR;
U.K. Head Office
New Hall Place, Liverpool L69 3EN,
for a period of thirty days beginning with the date of first publication of this notice during normal business hours, Saturdays, Sundays and public holidays excepted.

Written representations concerning the transfer may be sent to the Secretary of State for Trade at Department of Trade, Insurance Division 1E, Sanctuary Buildings, 16/20 Great Smith Street, London SW1P 3DB until sixty days after the date of first publication of this notice.

21st July 1982.
G. R. KELLETT,
for SAMFAG.

New rules urged for mortgage advertising

Financial Times Reporter

BUILDING societies and certain other bodies which grant mortgages should show in advertising the information on interest rates already required of banks the Office of Fair Trading recommends.

The OFT says this would enable customers to choose the best buy in mortgages, as they are already able to do in other fields of consumer credit.

Sir Gordon Borrie, the Director General of Fair Trading, made his recommendation in a review published yesterday and sent to the Minister fo rConsumer Affairs.

The review covers those bodies, such as building societies, which are exempt from requirements to show annual percentage rates of interest. Other bodies affected by he recommendation include local authorities and insurance companies.

Call to separate BR freight division

BRITISH RAIL'S freight division should be run as a separate business with a view to being privatised, says the Freight Transport Association.

The association, whose members include the major customers of BR Freight, believes the separation of freight into a limited company would enable this part of BR to develop a "customer-orientated" rather than "railway-orientated" outlook. It could also explore commercially the scope for joint ventures with its customers and other providers of transport.

Solicitor wins Lords appeal

SOLICITOR Mr Dick Langdale and his wife Audrey yesterday won the final round of their two-year legal battle to regain possession of a cottage they sold subject to a controversial "buy back" arrangement.

The cottage, near Hull, was sold in 1965 to Mr Tom Danby. He and his family were evicted in September, 1981 amid a blaze of publicity after the Langdales enforced their right to buy back the property at the original price—£2,650.

The Law Lords unanimously allowed an appeal by Mr and Mrs Langdale against a Court of Appeal ruling that the dispute should be reopened, despite an earlier court order giving them possession of the cottage.

Jetstream 31 on marketing tour

BRITISH AEROSPACE today begins an intensive European sales tour with its Jetstream 31 twin turbo-prop engined feeder-liner.

Bill for coal stocks may run to £30m a year

BY SUE CAMERON

THE GOVERNMENT last night admitted it was footing the bill for the abnormally high stocks of coal piling up at Britain's power stations.

Industry experts believe the cost of the extra stocks will soon be running at the rate of £30m to £35m a year.

Fears of a miners' strike and further industrial action on the railways this winter is thought to be behind the decision. Coal stocks stand at 20.8m tonnes and stocks of almost 25m tonnes are predicted by October 1.

Last year the Central Electricity Generating Board had stocks of 19m tonnes at the end of summer. The cost of stocking the extra is put at around £6 a tonne in interest charges.

The Government will not pay the CEGB directly. but via the National Coal Board which will reimburse the CEGB.

The CEGB's annual report published yesterday discloses that the department funded "an accelerated supply scheme to alleviate the NCB's stocking problems" last year.

LOSSES in the electricity supply industry were reduced by two-thirds during the last financial year to only £80.1m after taking interest payments into account, according to the Electricity Council's annual report published yesterday.

On a current cost accounting basis the industry made an operating profit of £475.1m during the year ended March 31, 1982. This compared with an operating profit of £303.2m in the previous year when, after interest charges had been made, the industry made a loss of £272.4m.

On an historic cost basis the industry made a profit of £972.3m after interest charges.

The Central Electricity Generating Board made an operating profit of £306.9m on a current cost accounting basis in the last financial year—well up on the £167.7m of the previous year.

After interest, the board made a loss of £167.4m—considerably less than the £281.3m of the previous year.

But the board said yesterday that its electricity sales fell by 0.2 per cent last year. Since 1978/79 its sales had dropped by a total of 5 per cent—equivalent to a £300m loss of revenue.

It disclosed that it closed 20 power stations last year and a further 15 power stations could be shut in the current year.

Cost of razing nuclear stations assessed

BY DAVID FISHLOCK, SCIENCE EDITOR

THE COST of razing a British nuclear power station and removing radio-active debris could be between £150m and £270m according to the Central Electricity Generating Board.

The estimate, in the CEGB's annual report, is based on studies made in co-operation with the EEC and the UK Atomic Energy Authority. It assumes the use of technology available today.

The CEGB says dismantling would cost less the longer radioactive reactors wer allowed to cool. Better technology should also reduce the cost.

An engineering plan is being drawn up for dismantling a Magnox power station. It covers safety, techniques and costs.

More general studies of the newer UK reactor types—advanced gas-cooled reactors (AGRs) and pressurised water reactors (PWRs)—have also been started.

The UK Atomic Energy Authority plans to develop equipment and procedures to demonstrate the technique by dismantling the 33 Mw prototype AGR at Sellafield (Windscale).

The CEGB says it expects to re-use the sites of nuclear stations so that buildings left there would remain part of a new working site under CEGB control.

For example, a Magnox station stripped of all buildings outside the nuclear reactors—the only radio-active structures—would be reduced to two cylindrical or rectangular concrete buildings between 30 and 50 metres in diameter and up to 50 metres tall, depending on the reactor type.

The most highly radio-active parts of the reactors would also be removed, leaving a structure that "would present no significant hazard," the CEGB says.

"It would not be a vulnerable target for attack by extremist groups although continuous surveillance would be provided."

The CEGB expects it first nuclear station to remain in service for at least another 10 years. It is completing extensive refurbishing of its earliest Magnox reactors.

Even when reactors are no longer considered suitable—on safety or economic grounds—for power generation, the CEGB may use them as dry stores for spent nuclear fuel, instead of the customary cooling ponds.

Report could dash hopes of National Bus Company

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

THE National Bus Company's hopes of changing its capital structure to remove its debt burden could be dashed by a report by Touche Ross, consultants, placed in the House of Commons Library yesterday.

The report of the inquiry commissioned jointly by the company and the Transport Department recommends "a new method of allocating interest between subsidiary companies" which the consultants believe would provide the company with a better framework for operations.

Mr David Howell, Transport Secretary, said in a parliamentary answer yesterday that "the implications of these recommendations are wide-ranging and will call for careful consideration in the light of discussion with the company."

The company said the report was "interesting, but it does not address the fundamental problem. The limited recommendations can neither equitably nor significantly ease the burdens uniquely borne by passengers using NBC services."

NBC interest charges on its debt are running at £20m a year and the company's argument is that this had to be passed on unfairly to its customers.

The company hoped the Government would agree to deal with the quantum of the debt and not the way in which it should be allocated.

New look at small company loans

By John Elliott, Industrial Editor

CLEARING BANKS are being asked by the Department of Industry to tighten administration of the Government's small firms loan guarantee scheme and make sure that more branch managers understand the details involved, said Mr John MacGregor, Industry Minister responsible for small businesses, yesterday.

He has had a series of talks with the banks and small companies' organisations about operation of the scheme.

About £180m has been lent to nearly 5,500 small businesses. Loans go up to £75,000, averaging about £33,000. The Government guarantees 80 per cent, for which it charges a premium of 3 per cent to cover cost of failures.

About £400,000 has been paid by the Industry Department in guarantees to cover 24 failures. The total premium gathered exceeds £1m. Mr MacGregor said that the scheme was therefore self-financing. even if 30 or so more failures now being processed were taken into account.

He had reviewed 100 loans and decided that no major changes should be made to the scheme at this stage. Another review now starting will include all failures. Policy decisions will be made by about the end of the year.

By that time the loans made will be near the present top limit of £300m

The banks are being asked to make sure they do not provide loans under the scheme to re-finance lending already provided by another bank—6 per cent of loans are thought to fall into this category—and to stop managers using the loans for "distress lending" to problem businesses that would otherwise be refused money or put into receivership.

Land Rover may act to protect U.S. sales

BY JOHN GRIFFITHS

LAND ROVER, BL's four-wheel-drive vehicle subsidiary, is taking legal advice over plans by an independent U.S. company to set up a sales organisation for Range Rovers in the U.S. and Canada.

Range Rover (North America), based in Torrance, California, has placed advertisements in the U.S. automotive press saying that "service oriented dealers in the luxury market are now being sought to handle these vehicles throughout the USA and Canada."

Land Rover stressed yesterday that despite the U.S. company's name, it had no connections with the state-owned British concern.

The advertisements worry Land Rover because it is expected to decide shortly whether to launch its Range Rover in the U.S., almost certainly through the Jaguar car network.

Land Rover has developed the Range Rover to take it more firmly into the luxury sector, and is known to have concluded an agreement with Chrysler U.S. for the latter to supply its "torquefilte" automatic transmission for the vehicle.

The changes are felt to be making it a particularly suitable vehicle for the North American market. However, a final decision will depend on an evaluation of the engineering costs of meeting U.S. legislative requirements and the likely future pattern of the sterling-dollar exchange rate.

The unexpected strength of sterling two years ago led to BL's deciding to withdraw all its volume and sports car ranges from North America, leaving only Jaguar.

But Land Rover has also been increasing Range Rover capacity at its Solihull plant as part of a £200m investment programme, and North America is regarded as a major potential market

Just over 10,000 Range Rovers were sold last year. But by 1984 Land Rover plans to have installed capacity for about 25,000 units a year, by which time world vehicle markets are expected to have moved out of their current recession.

In the U.S. itself, the company is being set an encouraging precedent by its sister company Jaguar, which expects to double sales to 9,000 this year.

Japan to get more Minis

BY JOHN GRIFFITHS

OUTPUT OF BL Minis for the Japanese market is to be increased by 40 per cent to 1,400 a year.

The number is smaller in itself but large in comparison with BL's total sales in the notoriously difficult to penetrate Japanese market. Total registrations of BL cars in Japan last year were 2,350. making the company the third largest importer. behind Volkeswagen and Mercedes.

Last year's figures do not include the Mini. which was only reintroduced to Japan this spring, having been absent since the early 1970s. It was withdrawn because it was not considered worthwhile converting the car to meet Japan's tightening legislative requirements.

However, earlier this year BL asked Carbodies of Coventry—maker of the FX London black taxi—to adapt 1,000 Minis for Japan under a contract worth £300,000. The car was launched in Tokyo in May to a better reception than expected and as a result BL has asked Carbodies to increase output from 25 to 35 a week.

Creditors to review De Lorean rescue bids

By John Griffiths

CREDITORS OF the De Lorean sports car concern are expected to meet soon to review their support for attempts to save the company.

It became clear yesterday that a so-far unnamed UK consortium would not meet its original target-date of tomorrow for completing arrangements to take over the Belfast manufacturing operation in which the UK Government invested £67m.

The failure to reach an agreement with the receivers is understood, however, to result from the sheer complexity of negotiations rather than from any coling of enthusiasm on the consortium's part or from its inability to raise finance.

At the time of the consortium's first approach at the end of May joint receiver Sir Kenneth Cork said its proposals represented "the first decent plan I have seen from any prospective investor."

While the consortium has been unusually successful in concealing its members' identities, it is understood to involve some of the company's several hundred trade creditors, owed a total of £41.5m.

In sorting out the web of relations between the Belfast company and Mr John De Lorean's U.S. sales company, the consortium had to deal with several issues. One is that of royalty payments to a private research partnership which helped to fund the sports car's early development and payments for technical assistance to other De Lorean enterprises.

Simultaneously it has been trying to reach arrangements by which the Government might see some return on the £30.7m it put up for loans and loan guarantees before the receivership, although the Government's £17.757m equity stake in the venture has been lost.

Doubters say enterprise zone may not help Invergordon

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THERE has been a mixed reaction to the Government's decision to create an enterprise zone in part of the Scottish Highlands affected by the closure of the Invergordon aluminium smelter.

The scheme's importance as a potential job creator has been offset by persistent criticism that the Scottish Office did not try hard enough to find a buyer for the smelter.

There are also doubts about the scheme's ability to create employment in the area. A recent report for the Scottish Economic Planning Department and the Highlands and Islands Development Board said there was "little prospect . . . of significant additional employment being created by other companies at present in the area."

British Aluminium's decision to close the smelter was a terrible industrial blow for the region. Eight hundred and ninety people at the smelter lost their jobs and hundreds more were indirectly affected.

Unemployment around Invergordon is near 20 per cent—painful for a largely rural area—and the number of males out of work has nearly doubled within a year. In March, official projections foresaw 4,600 jobless by the summer of 1985.

The efforts of the well organised Invergordon Smelter Action Group to reopen the smelter will continue. The group wants to forestall British Aluminium's plans to start dismantling the plant in August. The group has proposed that a company be formed to hold the assets while a buyer is sought. But the Scottish Office says serious inquiries have failed to find a buyer.

The area will be one of two new enterprise zones in Scotland. Other industrially deprived areas such as Dundee and Motherwell are pressing for nomination as the second zone. Scotland already has one enterprise zone i Clydebank. Its organisers are pleased with its record—it has attracted 117 companies and created over 1,000 jobs.

To entice business and create jobs, an enterprise zone offers among other things tax exemption on development land, 100 per cent allowances on commercial and industrial building, exemption from rates and simplified planning procedures.

The new enterprise zone will be the first in a largely rural area. The other zones are in urban areas, and many of their attractions are linked to their proximity to cities and towns.

The zone in the Highlands will probably be run by officials from the Highlands and Islands Development Board with assistance from the regional and district councils.

It will provide a major incentive for diverse and small industries. Mr Robert Cowan, the chairman of the HIDB, has expressed the view that diversity is an important factor in the Highlands' industrial future.

The closure of the Wiggins Teape pulp mill near Fort William and the Invergordon closure have demonstrated the dangers of putting a lot of industrial eggs in one basket.

The zone may be split up or spread around Invergordon. It might stretch along the northern shore of the Cromarty Firth to include the former British National Oil Corporation service harbour, which has been taken over by the Firth port authority.

There are two fabrication yards nearby, so the zone is likely to be sold as offering good potential as a North Sea servicing point.

Good transport is one of the area's advantages. A railway link, under some threat following the loss of smelter business, passes through Invergordon, and road access through the Highlands has just taken a long awaited leap forward with the opening of the Kessock Bridge across the Beauly Firth at Inverness.

Invergordon is a quiet town with one main shopping street. Efforts are under way to remove an unsightly row of Ministry of Defence fuel storage tanks, which virtually cut the town in two.

The tall chimneys of the smelter stand smokeless and moribund to the north-east, and a long concrete jetty juts into the Firth where alumina was discharged for the smelter.

Whatever the advantages of the zone, its importance has been questioned by people like Mr John Robertson, the vice-convener of Highland Regional Council, and by regional planning officials. They welcome the idea, but believe the zone will have only a limited appeal to new industry.

The scepticism comes from a feeling that enterprise zones suit cities better and that, if a zone in a city attracted marginal new business, it would be even more marginal in the remote Highlands.

They also point out that the rate burden in an area like Invergordon is not as heavy as it is in some urban areas, so rate relief would not offer as great an incentive.

Because of its rural setting, local business was not subject to many of the planning restraints encountered near cities, so the simplified planning procedures in the zone might provide limited appeal to entrepreneurs.

There would also be the inevitable problem of the impact that the zone would have on industry on the other side of the fence. Highland Fabricators and the BNOC oil terminal at Nigg to the east would be unlikely to be included in the zone in the view of some planners.

MR GEORGE YOUNGER, the Secretary of State for Scotland, yesterday urged the Invergordon Smelter Action Group to propose specific projects which might attract Government support.

The group said earlier it had been encouraged by discussions with the Government over the level of investment it might attract to the area. But there was little enthusiasm from Whitehall for the idea that money might be invested at the rate of £20m a year over the next five years—the effective subsidy which had been offered to any company prepared to take over the smelter.

Enterprise board's first deal saves casting jobs

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

THE LOCAL authority-backed West Midlands Enterprise Board *announced details yesterday* of its first investment—the injection of £450,000 of ratepayers' money as equity finance to prevent an aluminium castings company from collapse, saving 140 jobs.

Labour leaders of the West Midlands County Council see the deal, in partnership with private banks, as a *breakthrough in establishing the* credibility of the controversial enterprise board.

Mr Geoff Edge, board chairman and chairman of the council's economic development committee, said the project was unique and represented a "significant landmark in the development of local enterprise boards."

The board, charged with generating investment and job creation among medium and large companies, is financed from the rate fund. Mr Edge was confident agreements could soon be reached with pension funds to make available large sums of private capital.

He said talks were well advanced with pension funds to allocate money for investment directly by the enterprise board. Such agreements would put considerable revenue at the board's disposal and enhance its role in "pump-priming" the regional economy.

Mr Edge insisted that by next year the enterprise board *would be well on its way to* achieving its aim of saving or creating 5,000 jobs a year.

The deal announced yesterday involves the rescue of Sage Aluminium Products, of Wombourne, near Wolverhampton. The company manufactures high-pressure aluminium castings and has a turnover of £2.7m a year. More than 30 per cent of its output goes to Ford.

The enterprise board was approached early this year by the Sage management, who were looking for a buy-out because of the financial problems of Goel Securities, the Scottish parent company.

A complete financial reconstruction has been implemented, involving the enterprise board, the Northern Bank Development Corporation, Barclays Bank and its merchant banking company.

The enterprise board is taking a £450,000 equity stake, the Northern Bank £100,000, and Sage management and workers £70,000. Barclays, in conjunction with the Northern Bank, is increasing funds available up to £900,000. Mr Edge said that, for every £1 put forward by the enterprise board, the private sector was providing £2.

Sage Aluminium, hit by recession and overcapacity in the foundry industry, has implemented cost-cutting measures. Jobs have been shed, power *converted from oil to gas, and* the management team strengthened.

Mr Paul Williams, managing director, who in partnership with three fellow directors has committed £50,000 of his own money to the scheme, maintains the company could achieve a trading profit in the current calendar year. By next year, *there was no reason why dividends* should not be paid, he said.

Ford had already demonstrated its confidence by committing new investment to tooling to make more components at the Wombourne factory. Mr Williams said. He maintained that, had Sage gone out of business, much of its work would have gone overseas.

Mr Norman Holmes, chief executive of the enterprise board, said he was confident of achieving a "reasonable return" on the Sage investment. The board was considering 16 business proposals from other West Midlands companies.

Bad day for the Commons Thatcher-baiters

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

IT WAS a bad day for Thatcher-baiters in the Commons yesterday as the Prime Minister faced questions for the last time before the House rises for the summer recess.

Her enemies, who include some of the "wets" on her own back benches, will be dismayed to learn that the lady is in robust form and shows no signs of flagging after three years in office. In fact, with a show of mock reluctance, she made it clear that she is quite prepared to shoulder the burdens of office for a further decade.

The House was in the usual festive mood which marks the end of the session and Sir John Eden (Con, Bournemouth West) hoped the Prime Minister would have a really good and extremely well-earned holiday.

"The longer the better," shouted the Labour wits, uncharitably.

But Sir John assured her that she could rest in the sure knowledge that the majority of the population would need her strength of purpose and clarity of vision for many years to come.

The truth is that husband Denis finds it notoriously difficult to drag her away from No. 10, even for a few days on the coast. Nevertheless she promised her fans yesterday that "depending upon events" *she would be taking some time off after* "this momentous year."

Mrs Thatcher: a spirited defence of her policies

Certainly it has been one of the most *bizarre and volatile* sessions of post-war years, with the Falklands conflict, the Buckingham Palace break-in and the affair of Commander Trestrail overshadowing the state of the economy and the 3m-plus unemployed.

There were also those sudden storms over rape, law and order and hanging and flogging which dominated the headlines before General Galtieri delivered his masterstroke.

"As I have said to my *honourable friends before, I don't* think I can take more than another 10 years like this one," sighed Mrs Thatcher to the accompaniment of groans from the Labour benches.

Mr Michael Foot, the Labour leader, tried to bring her down to earth by congratulating her on the U-turn she had performed in granting Government support for the Atlantic Conveyor to be built in Britain.

"It is really appalling that there should have to be a war in order to get some work into British shipyards," he added caustically.

Huffily, Mrs Thatcher told him that the Atlantic Conveyor had been lost in "unique circumstances" and all the calculations for giving the order to British Shipbuilders were strictly based on the vessel being delivered on time.

It was clear, however, that Mr Enoch Powell, the high priest of monetarism, did not share Mr Foot's belief that the Prime Minister had compromised her economic purity. From his seat on the Ulster Unionist benches Mr Powell now seems to have appointed himself Mrs Thatcher's personal guru, keeping the closest watch to make sure that she doesn't stray into Keynesian heresies.

Once more the Prime Minister seems to have passed Mr Powell's doctrinal test, for he solicitously hoped that she would secure some modicum of peace and relaxation during the summer holidays.

Mrs Thatcher thanked him coyly and, spurred on by his compliment, breasted the final tape with a spirited defence of her policies. This was sparked off when Mr Jack Dormand (Lab Easington) called on her to admit that she had been wrong about the company and that job-sharing and new enterprise zones were no answer to long-term unemployment. Using the latest buzz word now in vogue in Labour circles he demanded a "controlled selective reflation" of the economy.

This provoked a spirited tirade from the Prime Minister, delivered at breakneck speed against jeers and uproar from the Labour benches. She saw

PARLIAMENTARY SKETCH

Mr Dormand's suggestion as a typical sample of the "fundamental fallacy" that a Government can control the level of demand for goods and services from British industry. No government could possibly do that. The only thing it could do was to control the volume of money in the economy.

"It sounds as though she badly needs a holiday," observed one Labourite sourly.

On that note, we bid farewell to the session of 1981-82 which comes to an end today. We look forward to the state opening of Parliament in November when, if the soothsayers prove correct, some new Government Ministers will be presented to the wondering gaze of the populace.

Consortia urged as aid to industry

BY NICK GARNETT, NORTHERN CORRESPONDENT

LOCAL enterprise is needed if areas of industrial decline are to attract modern industry, says a report on urban regeneration published by Manchester Chamber of Commerce yesterday.

It says that projects to assist industry and improve the *environment by converting old* mills into usable industrial units would be encouraged by setting up local consortia of local authorities, business interests and financial institutions.

The report has been compiled after a visit by a six-man team of northern industrialists and planners to Massachusetts to study the way U.S. developers and industry have been attempting to tackle some of the problems of industrial decline.

Massachusetts has converted mills into modern production units, warehousing and offices for industrial use at between 50 and 90 per cent of the cost of new buildings.

The report concedes, however, that there are differences between the U.S. mills and those found in the north of England. Many of the U.S. mills are younger and have not suffered as much from industrial grime.

Nevertheless, the conversions have radically improved the environment

It stresses the need for local enterprise and the bringing together of local authorities, companies, property owners, developers and the banks.

It urges tax incentives to encourage developments, non-government bonds to help finance regeneration projects and the setting up of quasi-public bodies to help find investment funds. It stresses, however, that this is dependent on the commitment of local enterprise.

Weatherall looks set to be Speaker

By Our Political Editor

THE SPEAKER of the House of Commons, Mr George Thomas, looks almost certain to retire at the end of this year, and it is increasingly likely that he will be succeeded by Mr Bernard Weatherall, the MP for Croydon North East and Deputy Speaker since 1979.

There has been considerable speculation and discussion between senior backbenchers and party business managers about the succession to a post which is always very demanding but could be particularly onerous if there is no overall majority in the next parliament.

By convention, the post will be nominated by the Government, though Labour has a veto if the candidate is unacceptable.

Earlier this year, some MPs suggested that Mr Weatherill, a former Tory Deputy Chief Whip, had not shown sufficient authority in his period as deputy to take over the post, and alternatives were suggested.

In particular, there were suggestions that Mr Edward du Cann, the chairman of the Tory backbench 1922 Committee and a champion of the rights of parliament and of MPs, might be suitable.

Mr du Cann has established a formidable reputation in the Commons and is known as an extremely skilful chairman of committees, but it has become clear that many Labour MPs would oppose his nomination, and many Tories would also be very reluctant to accept it.

Informal discussions among senior Labour MPs and whips have suggested that Mr Weatherill would be acceptable to most Opposition MPs.

Consequently, Mr Weatherill looks increasingly likely to be the Government's nominee and to win Labour support. Formal discussions will be held when parliament returns in mid-October.

Other names which have been mentioned include Mr Mark Carlisle, former Education Minister, Mr Norman St John Stevas, the former Leader of the Commons and Mr Paul Channon, Minister for the Arts.

Mr Thomas has not said when he will retire but it has become a convention at Westminster that changes in Speakership should occur during parliaments, and not at their end or beginning. It is argued that a new Speaker should have time to be at his post before a parliament starts. Therefore, the best time for a changeover would probably be around Christmas or early in the New Year.

£10m for Falklands

THE GOVERNMENT is to make up to £10m available to meet the costs of rehabilitation work in *the Falkland Islands.* Mr Neil Marten, Minister for Overseas Development, announced yesterday in a Commons written reply.

Heffer unwilling to challenge Healey in Labour elections

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

WITH JUST OVER two weeks to go before nominations close for the Labour Party leadership elections, it looks almost certain that both Mr Michael Foot and Mr Denis Healey, the deputy leader, will be unopposed.

The Left had hoped Mr Eric Heffer, chairman of the party's organisation committee, could be persuaded to challenge Mr Healey, but he has decided that a contest would not be good for the party.

Mr Tony Benn, whose challenge to Mr Healey last year caused such deep divisions in the party, has already made it clear that he will not be standing again. He is now believed to be considering putting out a statement when nominations close to explain why he is not standing.

His formal decision not to stand will be welcomed by Mr Foot, but some aspects of the statement could be embarrassing to the Labour leader. Mr Benn has, for example, discussed with colleagues the possibility of including in it praise for Mr Foot's handling of the rail dispute—an incident which most Labour MPs, and probably Mr Foot himself, would prefer to forget.

Most of Mr Benn's supporters believe he is right not to stand again, partly because he almost certainly would not run Mr Healey as close as this year. But some members of the Campaign for Labour Party Democracy, the organisation which played such an important part in the Benn campaign last year, believed that somebody on the Left should challenge Mr Healey. Some went further and argued that a challenge should be made to Mr Foot.

They were, therefore, looking for somebody who, while not perhaps running Mr Healey as close as Mr Benn did last year, would get a respectable vote.

They decided to approach Mr Heffer on the ground that he might welcome an opportunity to re-establish his left-wing credentials over Mr Benn's. About 40 constituencies wrote to Mr Heffer, nominating him for the deputy leadership, but he has told them he thinks an election would be divisive and damaging to the party.

Many MPs on both Left and Right of the party would dearly like to replace Mr Foot as leader this autumn. But both sides of the party recognise that, unless Mr Foot steps down, this would be almost impossible, given the imminence of a general election and the form of electoral college now in operation.

Friends and rivals in the SDP

By Peter Riddell, Political Editor

SIBLING RIVALRY seems likely to be the main feature of the contest for the presidency of the Social Democratic Party for which nominations close today.

At a public meeting in Camden, London on Wednesday, Mr William Rodgers and Mrs Shirley Williams confronted each other in what they said was the first public competition in 30 years of close friendship which started when they were at Oxford together.

The confrontation was *extremely polite. Each praised* the other's virtues and it was all very different from the home life of the Labour Party they left just 18 months ago. There was no obvious winner, though Mr Rodgers did show that he is a more effective public performer than a few years ago, while Mrs Williams confirmed her *reputation on the public platform.* The 350 people attending showed no obvious preferences.

Overall, the meeting showed both contenders in character and was to some extent slightly dull and not the stuff to grab headlines and put the party back on the front pages. *Aficionados of the political arts* could detect some hints of competition beneath the platitudes. In particular, Mr Rodgers stressed the virtues of the original division of responsibility between the Gang of Four, when he was given the job of organiser. He then argued that the presidency should be a backroom job without frequent public appearances.

Mr Rodgers raised a few eyebrows when he said it was not enough for the SDP to be a "nice party of intelligent, well-meaning people" a comment which could be taken as a direct reference to Mrs Williams.

Mrs Williams said she saw the role of president as more publicly political than seen by Mr Rodgers.

Both urged broadening the party's appeal to include those who could not afford, or were turned off, by the £11 membership fees.

Mr Rodgers referred to the need for a new form of supporter *within the party for example,* to be identified from voters at the local elections in May. He said these people might not want to be full voting members but might wish to be associated and to do something.

Mrs Williams said that the party should also broaden its base by mixing social and political events with speeches followed by coffee, wine and cheese parties in the interests of comradeship.

She argued that the party try to involve local professional and interest groups in discussing policy ideas and the consultative green papers which the party had produced.

Safe ports liability clause defined by Law Lords

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Law Lords yesterday gave their eagerly-awaited definitive ruling on the obligations imposed on time charterers by a widely-used charterparty "safe ports" clause.

They decided unanimously, in the Evis case, that, at a time a port is nominated by a charterer, it must be "prospectively safe"—both physically and politically—for the vessel to enter, stay at and leave.

But the Law Lords said the charterer had an obligation to nominate another port if it became unsafe while the vessel was on its way. And the charterer should order the vessel out of port, if it were possible for it to leave, should the port have become unsafe while the vessel was there

Subject to that, the charterer would not be in breach of the safe ports clause if the vessel was damaged or destroyed as a result of the port becoming unsafe through an unexpected or abnormal occurrence, such as war.

The ruling will relieve charterers, not least because it lifts a suggested double liability under the widely-used Baltime form of charterparty in which charterers have to reimburse owners for additional war risks premiums under the war risks clause, and are liable to be sued under the safe ports clause if the vessel is damaged in a nominated port.

The 10,280 grt Liberian-registered Evia, owned by Kodros Shipping Corporation, is one of about 70 ships trapped in or near the Shatt-al-Arab waterway off the Gulf. They have been caught there since the outbreak of the Iraq-Iran war in September, 1980.

Evia was on charter to Empresa Cubana de Fletes, a Cuban state organisation, and was unable to leave after discharging her cargo at Basra.

The Court of Appeal upheld in February Empresa's claim that the charterparty had been frustrated by the war. The court rejected Kodros's argument that frustration had been "self-induced" by Empresa in ordering the Evia to an unsafe port.

Lord Roskill, dismissing Kodros's appeal, said that under the safe ports clause the charterer promise that when he ordered the ship to a port, the port was prospectively safe for the ship to get to, stay at, and in due course, leave.

"The charterer would not be liable, if the port was thus prospectively safe, for any physical or financial loss or damage if an unexpected or abnormal event made the port unsafe and resulted in the ship being delayed, damaged or destroyed.

Unexpected and abnormal risk should fall properly on the vessel's insurers under the *policies for the Civil Service the owner* was responsible.

Lord Roskill said the charterer would not be liable if the vessel could not leave the port because it had become unsafe, since the charterer should not be required to give orders with which the ship could not comply.

If, however, departure were possible, the charterer should order the vessel out, whether or not the loading or discharging of cargo had been completed.

Lord Roskill said the same obligations would apply to any other similarly-worded safe ports clauses in other charterparties.

He stressed the case dealt with only time charters, where *the charterer was in complete* control of the ship, and not with voyage charters, where the charterers might not have the same power.

Rejecting Kodros's argument linking the safe ports and war risks clauses, Lord Roskill said it might be highly attractive to war risk insurers, but would mean the charterer would have paid the additional war risk premium, which was of no benefit to him, and yet be at risk of being sued if the ship were lost or damaged in port.

Number of senior civil servants 'to drop 20%'

By Robin Pauley

THE GOVERNMENT intends to employ 20 per cent fewer top Civil Servants by 1984 than when it came into office in May, 1979. Mr Leon Brittan, Chief Secretary to the Treasury, said yesterday a total of 156 jobs would be lost from the grades of under-secretary and above.

About half the jobs already have gone. Most of the others would be by natural wastage. Some early retirements would be needed.

The 20 per cent cut at the top is larger than the 14 per cent for the Civil Service as a whole. The service should number 630,000 by April, 1984. It now numbers 659,300, which means it has been cut by 73,000, or 10 per cent, since the Government took office.

Mr Brittan said cuts in the senior grades resulted from a review begun last *December after publication of the* report, by Sir Geoffrey Wardale, on the chain of command in the higher rangs of the service.

The cuts would mean a fall in the number of permanent secretaries, from 40 in 1979 to 37. There would be 135 deputy secretaries instead of 163 and 461 under-secretaries instead of 586.

Equivalent posts in the diplomatic service in Britain would be cut by six to 25. Equivalent posts held by armed forces senior officers would be cut by 36 to 181.

A Treasury report on the cuts says, however, there will be some loss of resilience and of the capacity of departments to respond quickly to unexpected events.

Mr John Ward, general secretary of the First Division Association, representing senior civil servants, said yesterday the cuts were a political decision. If they resulted in a fall in standards or in an inability to react quickly it would be the Government's fault and not that of civil servants.

He said the cuts would also mean a dramatic fall in career prospects for fast-stream administrators. There was a danger, therefore, that the calibre of people attracted to and retained by the Civil Service would be affected adversely.

The Treasury, however, said the cuts should improve efficiency and economy in the Civil Service, with more delegation to middle and junior management. This would speed the administrative process and make lower and middle jobs more satisfying by giving officers more responsibility.

MP fears 'banking breakdown'

BY IVOR OWEN

A BREAKDOWN of the international banking system is looming on the horizon, Mr Dennis Skinner (Lab Bolsover) claimed in the Commons last night.

He said the crippling burdens resulting from high interest rates had led to 26 countries seeking to reschedule their debt repayments.

There were signs that the "banking bubble" was beginning to burst and he believed that British banks were trying to "get out."

Mr Skinner stressed that the crisis involving the secondary banks a decade ago would pale into insignificance if primary banks were to find themselves in similar difficulties.

He feared that if such a situation were to develop the Bank of England would be called to the rescue and the taxpayer—still carrying the burden of the lifeboat operation launched for the secondary banks—would again be called upon to assist in the bailing out process.

Mr Michael Latham (Con Melton) accused Mr Skinner of launching a Marxist-inspired attack on *the capitalist system.*

He suggested that his predictions of disaster stemmed from his defeat 24 hours earlier when the Labour Party's national executive stepped back from an outright commitment to nationalise the clearing banks.

Scrapping of fair wages resolution defended

BY OUR PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S decision to scrap the Fair Wages Resolution was resolutely defended by the Prime Minister in the Commons yesterday in the face of criticism from Mr Greville Janner (Lab, Leicester West).

The provision, which is embodied in the International Labour Convention, protects wage levels of workers on Government and other public sector contracts.

Mr Janner, protested that its abolition would lead to "slave labour contracts." But Mrs Thatcher told him: "That is nonsense, absolute nonsense."

She said nearly all the contracts made under the Fair Wages Resolution were on behalf of relatively well paid workers and it had little relevance to the low paid.

In addition, she pointed out that many other countries had never ratified the convention and these included the U.S., West Germany, Canada and the entire eastern bloc.

● Mrs Thatcher also condemned as "totally disgraceful" threatened industrial action by health workers which would break emergency guidelines and put patients at risk.

She called on the Confederation of Health Service Employees to heed the call of the TUC and to stick to the code of conduct covering emergency services during its continuing pay dispute.

Mrs Thatcher told a questioner that the current pay offer was final and that increased wages would mean fewer jobs. "Health workers, and many in the public sector, do enjoy security of tenure—and as far as the NHS is concerned the offer it has made is a final offer and I hope they will accept it."

£217m saving

ANTI-FRAUD measures by the Government agaist abuse in the social security system have saved the taxpayer £217m in 1981-82, Mr Hugh Rossi, Social Security Minister, said in a Commons written reply yesterday.

Tighter curb on imported waste promised

CONTROLS on imported industrial waste are to be tightened by the Government, Mr Giles Shaw, the Environment Under-Secretary, said yesterday. In a Commons written reply he said the pollution control regulation would be amended to limit the volume of waste in temporary storage.

The decision followed consultations held after foreign waste was brought into unlicensed storage in the UK. Mr Shaw said changes would ensure poisonous, noxious, or polluting waste could not be stored on unlicensed premises, except where the producer was assembling consignments of his own waste with proper precautions in the normal way and provided it was to be disposed of in a month.

The Government would also introduce legislation, if parliamentary time permitted, to give local waste-disposal authorities power to bring under the control material not admitted as waste.

Airports body to study money-raising

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH Airports Authority is to set up a working group, including representatives of the Department of Trade and the Treasury, to study two methods of providing private capital for the authority's $850m capital spending programme over the next five years.

One method to be examined will be advisability of issuing a "general performance bond" that will be geared to the authority's overall profits—they amounted to £38.6m in 1981-82.

The other will be the possible provision of equity finance through a subsidiary company that will participate in the authority's concessionary income on royalty basis.

This concessionary income—from the sale of duty-free goods, and from rents and franchises at the authority's seven airports—amounted to *more than £117m last year and* was a significant factor in the authority's overall profitability.

The main concern in deciding which of the two options to adopt is that there should be fair competition between either of the options and other methods of raising cash by private sector borrowers.

The authority is understood to be thinking of raising between £50m and £100m to help finance its future £850m development programme.

This includes: the £174m development of Terminal Four at Heathrow, now in progress; the potential £151m development of Terminal Two at Gatwick, when that project is approved by the Government; and the possible eventual £200m development of Stansted as the third London airport.

The balance of the cash required would be met from the authority's internal resources.

● The Government is to wind up the Aviation Security Fund, which finances security at airports by means of a levy on each passenger. The fund raised £31m last year, through the seven British Airports Authority's airports alone.

In future, the cost of security at airports will be met directly by the various airports, which will recover them from the airlines.

There had been criticism of what was felt to be a cumbersome procedure. "The airlines were anxious to get rid of the fund, and this is what we propose doing," Lord Cockfield, Trade Secretary, told the Lords yesterday.

More school milk

THE GOVERNMENT is to extend the free school milk scheme to independent schools throughout Britain. Claims for the milk, free or at reduced prices, would be at the discretion of local authorities who would be able to recover the cost of administering the scheme, Mr Peter Walker, Minister of Agriculture, said yesterday in a Commons written reply.

He told Mr Patrick McNair-Wilson (Con, New Forest) that his decision followed improvements to the school milk arrangements secured at this [illegible]

UK NEWS—LABOUR

Barclays staff reject strike call over Saturday opening campaign

BY BRIAN GROOM, LABOUR STAFF

MEMBERS of the biggest trade union at Barclays Bank have overwhelmingly rejected their leaders' call for industrial action over Saturday opening.

The general committee of Barclays Group Staff Union urged 33,805 members in a ballot to back two one-hour strikes as the first major step in a campaign of opposition. They would have gone home an hour early on Friday, August 13, and started work an hour late the following Monday.

Out of 15,256 who voted, only 3,833 (25.1 per cent) voted for industrial action, while 11,269 (73.9 per cent) rejected it. A 75 per cent vote in favour was needed for the action to go ahead.

Barclays management were delighted last night, and took the result as an indication that the 15,000 members of the Banking, Insurance and Finance Union might also reject industrial action in a ballot to be completed next week.

Bifu, which is TUC-affiliated and traditionally more militant, wants its members to black Saturday-related work during the week. Unlike BGSU, Bifu needs only a simple majority for this to go ahead.

Barclays intends to open up to 460 branches on Saturdays this autumn, staffed by volunteers. So far more than 12,000 people have volunteered to work for extra pay of £24 to £40—enough to open more than 400 branches.

The bank has agreed to an urgent meeting with BGSU. If, as seems certain, Barclays continues to refuse the union's claim for time off during the week in lieu of Saturday work, and higher payments, BGSU will continue its opposition and will urge members not to work voluntarily through their lunch hours or before 9 am.

Mr Eddie Gale, BGSU general secretary, said he was disappointed by the result. However, many members had included notes with their ballot forms, saying that although they did not wish to take action, they opposed Saturday opening.

Loyalty to the bank is one factor in the results, and also a failure by the union to get across its case that the sanctity of the five-day week was under threat.

It also appears that the claim for time off in lieu displeased some staff, who saw themselves having to work harder during the week to cover for Saturday volunteers taking their time off.

The unions fear Barclays will have difficulty sustaining the number of volunteers it needs for Saturdays, and may ultimately have to introduce compulsion. They fear a return to widespread Saturday opening, abolished 13 years ago.

Hauliers react to pay plan

BY BRIAN GROOM, LABOUR STAFF

EMPLOYERS have reacted with initial scepticism to a lorry drivers' proposal to introduce national pay bargaining in the hire-and-reward sector of road haulage.

The plan has been drawn up by the Transport and General Workers' Union, and is a reversal of the union's previously strong insistence on regional pay negotiations.

The TGWU believes national pay rates would be easier to enforce upon employers.

Hauliers who reduce costs by paying wages below those agreed in area negotiations often cut rates below those of competitors. Rate-cutting is recognised as a problem by both the union and the Road Haulage Association, in the sharply competitive environment.

A report by ICC Business Ratios estimated that almost half of all hire-and-reward hauliers have lost money in 1981-82, with thousands going out of business.

Mr Doug Taylor, the RHA's industrial relations and personnel director, said he doubted whether national rates would be easier to enforce.

The RHA, which represents 15,000 out of an estimated 46,000 hauliers, is likely to keep an open mind, however, and will discuss the proposals when its national council and industrial relations committee meet in September.

The TGWU's decision, taken by its commercial road transport committee, has yet to be conveyed officially to the RHA, but the union will ask the employers' body to consider a two-tier structure.

Basic pay and issues such as hours, holidays and overnight subsistence rates would be covered nationally in talks to be completed by late September (compared with the present January settlement dates). Other issues, such as overtime, other premiums and sickness schemes, would be negotiated in the present 22 area industrial councils and committees.

Employers foresee practical objections. Pay rates for top drivers range from £85 to £89 for a 40-hour week, and employers would not be prepared to start national negotiations from the top rate.

Mr Ashwell said there would be benefits to reputable employers. "We have got to eliminate the irresponsible element who dropped out of the RHA in order not to pay their negotiated wages."

The Government's repeal of Schedule 11 of the Employment Protection Act 1975 is a powerful factor behind the union's move. hTise allowed unions to make claims aagainst companies which do not pay recognised terms, or the general level of terms, for the industry in their district.

Frustration over comparatively low pay deals in area negotiations in the past two years (3.2-6.7 per cent last year, and 6-7 per cent this) seems also to have influenced the union. It believes employers try to settle in "weaker" areas and then apply similar increases elsewhere.

7% rise for catering staff

SHOP STEWARDS representing 600 offshore catering workers yesterday accepted a 7 per cent increase on basic rates for workers employed by five of the largest catering companies operating in the North Sea.

The deal, which will set the norm for British catering companies' working offshore, was only accepted "reluctantly".

The offer, which brings a catering steward's average wage to about £9,000 a year including allowances, had been previously reported to the offshore workforce on some 16 installations by shop stewards who made no recommendation.

TUC health unions force Cohse to climb down

By Philip Bassett, Labour Correspondent

TUC HEALTH unions yesterday forced Mr Albert Spanswick, general secretary of the Confederation of Health Service Employees, into an embarrassing reversal of his union's public declaration that it might abandon the TUC's code of conduct in the current health dispute.

Mr Spanswick's withdrawal marks the most heated difference between the unions involved in the protracted National Health Service strikes since divisions earlier in the three-month campaign over whether to move quickly to an all-out stoppage.

His reversal came before Cohse's declaration was attacked in the Commons by the Prime Minister. The sharpness of Mrs Thatcher's criticisms underlines the major presentation difficulties with the public such an abandonment of the code might have led to.

Mrs Thatcher said industrial action which broke the code of conduct and put patients' lives at risk would be "totally disgraceful." She totally condemned any action which would break the code, and said: "It would only result in bringing maximum misery and harm to the sick, old and injured."

She hoped Cohse would heed the TUC's advice that such action would be unacceptable, and stressed that the current 6 to 7.5 per cent pay offers were final. Increased wages would mean fewer NHS jobs.

Mr Norman Fowler, Social Services Secretary, said of Cohse's declaration: "That the leaders of a health service union can seriously propose action of this kind is a mark of their intransigency and the absence of constructive leadership."

Mrs Thatcher's comments followed a decision by Cohse's action committee to recommend that both the union's executive and the TUC's coordinating health services committee drop the code — drawn up to protect patients during industrial disputes—in order to increase pressure on the Government to improve the current offers.

Ian Hargreaves and John Lloyd look at Tebbit's policies and the Fair Wages Resolution

Undercutting casts its shadow

WHEN Mr Norman Tebbit, the Employment Secretary, stated two months ago that he had it in mind to set aside the Fair Wages Resolution unless someone could convince him of a good reason for keeping it, the nonchalance of his statement suggested that he was merely proposing to erase some innocuous and archaic legal relic.

On the face of it, the facts surrounding the resolution, which dates back to 1891, support this characterisation.

The resolution, which requires that workers on government contracts be paid the going rate for the job, has been little used. Between 1976 and 1981 the Central Arbitration Committee, which considers appeals under the terms of the resolution, made only 684 awards. Since then the number has dropped further with only four awards in 1981.

Why, it may be asked should the Government be bothered to kill off an instrument of such little importance?

There are two reasons. The Fair Wages Resolution, in implicity underpinning the wages paid by contractors when they are carrying out tasks for government — either central or local — will prevent the private contractors using lower wages as a way of winning work. Several Conservative-controlled local authorities are encouraging private contractors to take over services previously conducted by the authority's own labour force.

If this were not already self-evident, it became so recently when the General and Municipal Workers Union said it would use Fair Wages to try to stop Wandsworth Council farming out its waste collection service to a private contractor who had undercut the going wage rate for dustmen by about 13 per cent.

The second part of the Government's strategy is to add to the increasingly complex array of devices deployed to influence directly the lower end of the pay determination scale.

Its stated aim in doing this is to price more people, especially young people, into jobs. However, the fact that in May the 12-month rate of increase in average earnings outstripped the comparable rate of retail price increases, has strengthened the Government's sense of urgency in this task.

The Young Workers Scheme, or Walters scheme—named after the Prime Minister's economic adviser, Prof Alan Walters — is part of the mechanism. It offers employers a subsidy if they employ under-18s at less than £45 a week. So far, almost 70,000 applications have been received, a quarter of them in retailing and distribution.

It is difficult to say what effect this scheme has had on pay levels, although Mr David Warburton, a GMWU national officer, says the Government's general pressure on youth wages has been reflected, for example, in a request from ICI during current negotiations for a reduction in youth rates relative to adult pay.

Perhaps more directly connected with the Youn Workers Scheme, is the current tentative agreement within the wages council which covers 670,000 hotel and catering workers.

The employers' side in that council proposed to reduce the 16-year-old rate from 75 per cent of the adult rate to 65 per cent, which would have ensured the bulk of 16-year-olds in the industry would under the new agreement fall within the terms of the YWS. In the end, the council agreed on a 71.5 per cent ratio. The current adult basic is between £52.20 and £61.60 per week.

The wages councils, which set rates of pay for almost 3m workers, are indeed seen by the Government as a major part of the problem.

The hotel and catering council, fairly typically, has allowed pay rates to rise slightly faster than inflation in the last eight years, although in recent years they have checked the rate of rises, the councils are seen by the Government as a major part of the institutional problem.

In the last few months ministers have made little secret of the fact they would like to sweep the councils into oblivion.

The problems in doing so are primarily legal. The Government is bound both by the ILO Convention on Minimum Wage Fixing machinery and the EEC Social Charter on the right to fair remuneration—both a legacy of the international crusade for minimum wage, which British trade unionists have never shown much interest in joining.

The fact that in getting rid of the Fair Wages Resolution, the Government will also be denouncing the ILO convention, will no doubt be a useful precedent.

Another element of Mr Tebbit's approach to the wages councils has been simply to weaken their enforcement machinery. He has cut the field inspectorate which polices council rulings from 177 to 141, although this has not prevented the inspectorate from continuing to find a high level of illegal underpayment in the cases it does investigate. Last year, of the 24,399 establishments visited, 10,074 were forced to pay arrears.

The trade union response to these non-too-subtle government moves has been strident but confused. Traditionally, the unions have attacked wages councils because, they felt, their existence deterred low paid workers from joining unions.

But times have changed and a TUC committee has been formed to develop a strategy for defending wages councils.

Similarly in the case of the Government's make-work schemes, like the Community Enterprise Programme, the unions have objected to the dismantling of the rate for the job principle, but, subject to a formal reservation of position, they appear within the tripartite Manpower Services Commission, to be allowing it to happen. The new Community Programme announced this week by Mr Tebbit as a replacement for CEP, will offer participants an average of £60 a week and makes no mention of the rate for the job.

Sealink strike may spread

BY IVO DAWNAY, LABOUR STAFF

PORT OFFICIALS of the National Union of Seamen meet in London today to discuss an escalation of the four-week-old strike by Sealink ratings at Harwich over management plans to cut wage rates.

The meeting comes as ferry ports prepare for one of the busiest weekends in the annual holiday calendar. However there were some doubts last night over the level of backing outside Harwich for the dispute.

Talks were continuing at the port between Sealink negotiators and NUS officials over the company's call for savings of £1.2m on continental passenger ferry and freight routes.

Sealink has warned that it will be forced to make redundancies if the seamen fail to agree to changes in pay and conditions estimated by the union to amount to a 24 per cent reduction in wages.

On Wednesday, industrial action at Harwich spread to Weymouth, Dorset, when a prolonged union meeting on the ferry, Earl Godwin, delayed 3,000 passengers on Channel Island sailings for up to seven hours.

Workers' role in doubt

BY JOHN LLOYD, LABOUR EDITOR

THE GOVERNMENT may not agree to inclusion of an amendment to the Employment Bill aimed at increasing workers' involvement in their companies.

It was defeated in the Lords on Wednesday night when peers from all parties voted for an amendment making a statutory requirement on companies with more than 200 employees to include in their annual report a statement of actions taken in the past year to increase employee involvement.

Earl Ferrers said for the Government that it was against legislation in this area, but for persuasion. Industry should judge whether costs of involvement were less or greater than benefits.

Mr Norman Tebbit, the Employment Secretary, has declared himself sympathetic to schemes for employee involvement, but is sceptical whether the law can do much to promote it.

The Bill is unlikely to complete its Report Stage in the Lords before the recess.

Mr Tebbit has announced that the quota scheme for employment of disabled people is to be retained for the present, and has asked the Manpower Services Commission to draft a code of practice.

THE PROPERTY MARKET BY ANDREW TAYLOR

Birmingham office site fetches £3.6m

THE VALUE of prime office land in Birmingham was underlined dramatically this week by the £3.6m paid for a half-acre site by W. A. Blackburn, a *Coventry-based private developer*, with a turnover of around £20m a year.

The site, near to the Birmingham office of the Bank of England, in the heart of the finance and professional quarter, has outline consent for 85,000 sq ft of offices in a six- to seven-storey development. There is also provision for around 7,000 sq ft of retail accommodation likely to be offered as specialist units.

Work on the project should start before the end of the year, according to Mr Allan Craddock, managing director of W. A. Blackburn. His company was offered the land by Birmingham City Council after 15 concerns had submitted final tenders.

Mr Craddock is not reticent about the level of rents likely to be sought when the accommodation becomes available from around autumn 1984—he says he will be looking to achieve £8.50 a sq ft. While a single tenant would be welcome, Mr Craddock says, the scheme is sufficiently flexible to allow three of four occupants.

Rental levels of £7 a sq ft have already been breached in the key office area bounded by Waterloo Street and Colmore Row. Indeed, agents, Shipway Doble are thought to be looking for around £8 a sq ft fo St. Philips House, a 24,000 sq ft development.

Just outside the main financial centre, Ulster Properties is expected to achieve a rent of up to £6.50 a sq ft for Berwick House, a 59,000 sq ft block nearing completion at the corner of Great Charles Street and Livery Street. Nearby Norwich Union's 80,000 sq ft, Civic House is expected to achieve a rent of around £7 a sq ft on completion next spring.

Two other major new projects have started this year. Tarmac has a 120,000 sq ft development underway on an important site overlooking Victoria Square, a noted city landmark. On completion in autumn 1984 rents are expected to be nudging the £8 a sq ft mark.

Embassy developments has moved quickly to start work on a 60,000 sq ft block at the junction of Church Street and Cornwall Street. A quick-build steel framed construction method is being used with the aim of having the accommodation available by August next year. Embassy hopes that by then Civic House and Berwick House will have been let. The developments by Tarmac and now W. A. Blackburn will probably not become available until 12 months later.

Arthur Smith

Enterprise zones doubts remain

GOVERNMENT proposals to double the number of enterprise zones will hardly have the commercial property world cheering in the aisles. Many developers and estate agents are already concerned that the benefits provided by the existing zones have not been worth the disruption caused to some local markets.

There are serious doubts within the property market about the validity of the whole enterprise zone experiment. The enthusiasm of those with properties to sell or let inside enterprise zones has been outweighed by the resentment of others which have claimed that some property values have virtually collapsed in areas immediately adjacent to the new zones.

Plans to create 11 new enterprise zones were anounced by Sir Geoffrey Howe on Tuesday in his first major Commons speech for four months. The Chancellor said that the new zones would have the same benefits of relaxed planning controls and freedom from local authority rates as existing enterprise zones.

However, Edward Erdman in its latest survey of industrial property trends says there is already evidence of enterprise zones having a "negative impact" on demand for factories and warehouses in surrounding areas.

Comments made by agents in reply to a Financial Times Royal Institution of Chartered Surveyors property poll in March this year confirm that many doubts remain about the true value of enterprise zones.

One agent with experience of the Hartlepools Enterprise Zone said: "There has been an increase in demand for premises in the enterprise zone, but this increase appears to be at the expense of other properties in the same region. There is no indication of any significant interest from firms outside the local region."

Some enterprise zones, such as Corby, appear to have been more successful than others in attracting companies from other parts of the country and in creating what might be regarded as genuine new job opportunities. In other instances agents say that many of those taking units in enterprise zones have come from no further than 15 or 20 miles away and have been moving jobs around rather than creating new opportunities.

The Government, however, believes that the existing 11 enterprise zones have been sufficiently successful to justify the expansion of its experiment into new areas. It is a confidence not wholeheartedly shared by the property market.

U.S.-style 'free ports' under review

THE GOVERNMENT is now considering the possibility of establishing U.S.-style free ports or foreign trade zones in the UK. Mr Kenneth O'Brien, chief executive of Rush and Tompkins, a British property and construction group which holds a 46 per cent stake and manages the Delaware Valley Foreign Trade Zone in Philadelphia, explains the concept.

The principle advantage of a foreign trade zone is that goods brought into the country are free from customs and tariff duties until such time as they are taken out of the zone and imported into U.S. domestic markets—either as raw components or finished products.

Imported bicycle parts, for example, carry a higher rate of duty than does the imported finished product. A manufacturer operating in a free port is therefore able to bring in components from overseas and pay the lower rate of duty when the assembled machine is "imported" to be sold in the U.S.

Other savings can be made in production processes where there is a high level of wastage of component raw materials. Duty is paid only on the lower weight of the finished product not on the weight of raw materials imported. Waste can either be disposed of for salvage inside the zone or can be re-exported elsewhere outside the zone.

Importation of delicate or fragile goods is also aided as duty need only be paid on products fit for consumption or further manufacture. There are also advantages for operators dealing in products subject to restrictive import quotas in the U.S.

In a self-protective economy like the U.S. there are substantial operating gains to be made by companies in foreign trade zones—although it is only since the beginning of the 1980s that changes in the legislation have made manufacturing in free ports a viable proposition.

In 1970 there were only a handful of foreign trade zones in operation—since then more than 70 applications for zone status have been approved by the Washington-based Foreign Trades Zone Board. Zones do not have to be sea ports, they can be inland and are often associated with airports.

The principle of foreign trade zones may be more difficult to establish in the UK given its history of free trade and its links with EEC partners. However, zones can give a real lift to local economies, not just to those manufacturers and distributors inside the zone, but also to companies outside the zone providing important back-up services. It is certainly an experiment worth trying in Britain.

London & Leeds steams ahead

LONDON AND LEEDS, the property arm of the Ladbroke Group, is rapidly becoming a force in the central London office development market. The company is shortly due to start work on another major West End scheme at the former Debenham and Freebody store in Wigmore Street.

The company which acquired the store for £6.5m last November has been given final approval for its scheme to create 60,000 sq ft net of offices, 30,000 sq ft of residential accommodation and 7,000 sq ft of retail space, together with supporting car park facilities. The scheme is due to be completed in 1984 and will have estimated investment value of £30m.

Brent Walker, the leisure group headed by George Walker, had originally planned to turn the listed Wigmore Street store in a luxury hotel but this proposal was abandoned earlier last year.

London and Leeds is already working on two major central London developments: a 50,000 sq ft office scheme (21,000 sq ft residential) at the Savoy Hotel east wing, due to be completed at the end of next year; and a 50,000 sq ft office scheme at 100 Piccadilly due to be completed in spring 1984.

● Arlington Securities and Industrial and Commercial Property Unit Trust have let their 20,000-sq-ft office block at Sydenham Road, Croydon, to Midland Bank for a rent of £11 a sq ft. Jones Lang Wootton acted for Arlington and Morgan Grenfell Property Services for Industrial and Commercial.

● Lesser Land has let two self-contained office units of 14,000 and 5,000 sq ft in Hounslow to Amdahl Computers and Hertz. Rents on both units were in the region of £10 a sq ft. Phillip Sinclair and Clive Lewis and Partners acted for Lesser.

● Meanwhile, Nixdorf Computers is understood to have agreed a rent of £11 a sq ft for phase II of the Lesser Centre in Hounslow—a 25,000 sq-ft office block developed by Lesser Land. Phillip Sinclair represented Lesser and Jones Lang Wootton acted for Nixdorf.

● Markheath Securities has sold its recently completed office development at the corner of Cranbrook and Northbrook Roads, Ilford, to the Sun Alliance Insurance Group for £1.5m. The building comprises 9,380 sq ft of net office space.

● Plessey Communications Systems is understood to have agreed a rent of around £7 a sq ft for the first floor of Standard Life Assurance's 76,660 sq ft Broad Quay House development in Bristol. Joint letting agents were Hartnell Taylor Cook and J. P. Sturge and Sons.

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FT COMMERCIAL LAW REPORTS

Goods 'lost' if not delivered in time

WORLDWIDE CARRIERS LIMITED AND ANOTHER v ARDTRAN INTERNATIONAL LIMITED AND OTHERS

Queen's Bench Division (Commercial Court): Mr Justice Parker: July 21 1982

***GOODS TRANSPORTED* under a contract of road carriage are "lost" if they are not delivered within the statutory time limit and the limitation period for commencing an action for damage to the goods in transit is that applicable to "total loss"; where a written claim has not been made against one of several carriers, the limitation period in his favour is not suspended by a written claim against another carrier, even though he is aware of that claim.**

Mr Justice Parker *so held* when striking out a claim *against Les Transports Associés*, second defendants in an action *by Worldwide Carriers* Ltd and Firestone Tire and Rubber Ltd, consignors and consignees respectively, under a contract of carriage, against Ardtran International Ltd and other carriers.

Article 32(1) of the Schedule to the Carriage of Goods by Road Act 1965 (known as CMR) provides: "The period of *limitation for an action arising out of carriage . . . shall be one year . . .* to run:— (a) in the case of *. . . damage . . .* from the date of delivery; (b) in the case of total loss, from the 30th . . . or . . . 60th day from the date on which the goods were taken over by the carrier; (c) in all other cases, on the expiry of three months after the making of the contract of carriage."

Article 32(2) provides: "A written claim shall suspend the period of *limitation until* . . . the carrier rejects the claim . . . and *returns the documents* attached thereto. . . ."

* * *

HIS LORDSHIP said that in June 1979 the plaintiffs entered into a contract with the first defendants for the carriage of brass plated steelcord from France to the UK. The contract was subject to the terms of CMR.

The first defendants sub-contracted the first leg of the journey to the third defendants, who in turn sub-contracted to the second defendants.

On June 26, while the consignment was in the possession of the second defendants, there was an accident. As a result the goods were exposed to the weather and became useless for *the purpose for which they* were required. They were a total loss as steelcord with no value other than as scrap, and were returned to the consignors.

On March 12 1982, the plaintiffs commenced an action to recover from the defendants the difference between the value of the goods as consigned, and the scrap value. The second defendants sought an order *that the* claim against them be struck *out on the ground* that it was time-barred under article 32 of CMR.

The plaintiffs contended that the claim did not fall within article 32 (1). They said it was a claim, not for "loss," but for "damage" within sub-paragraph (a); but that (a) could not apply because there was no delivery. Since it came within (a) the *claim could not come within (c)*, which applied to "other cases."

They contended *that* if that submission was wrong, the claim was saved by *article 32 (2)*, in that they had claimed in writing *against the first defendants on* July 2 1979; that the first defendants had informed the third defendants of that claim, and that the third defendants had informed the second defendants, holding them entirely responsible.

They said that article 32 (2) required a written claim to be made against the first carrier only. So long as a carrier knew that a claim was made against some carrier, and that that carrier would seek to pass it on to him, that was sufficient to suspend the limitation period.

The first issue was whether article 32 (1) applied at all. Was the claim for "damage" and thus *prima facie* within (a), or for "total loss" and thus within (b)?

In *William Tatton v Ferrymasters [1974] 1 Lloyd's Rep* 203 it was held that where damaged machinery retained only scrap value, it was a case of damage and not of loss. However, article 20 (1) of CMR provided that the fact that goods were not delivered within 30 or 60 days from when the carrier took over the goods, was "conclusive evidence of the loss of the goods." Having regard to the wording of that article and *of article 32 (1) (b)*, sub-paragraph (b) applied in cases such *as the present*. It had been so held in France in a case reported *in 1978 ETL 742*.

*

If that was wrong, his Lordship would have no hesitation in holding that (c) applied to all cases where a period of limitation could not be found under (a) or (b). The opening words of article 32 showed that it was intended to be comprehensive and to cover all claims under CMR. So, if the present case was a claim for damage rather than loss, it fell within (c).

The second issue was whether the limitation period was suspended by the written claim against the first defendants.

Under article 32 (2) a plaintiff who claimed suspension of *the limitation period must show* that the party relying on the *time-bar had received* a written claim from him. That was essential, for article 32 (2) gave the right to the carrier to stop the suspension by rejecting the claim, and he could not do so unless the claim was made against him. Furthermore, to stop the suspension not only must the claim be rejected, but any documents must be returned.

It was impossible to hold that a written claim to the first carrier, or to any one carrier, created a suspension of the limitation period against all. The sender or receiver of the goods might have no intention of suing any of them save one. There was no basis on which it could be contended that by presenting a written claim to one he had suspended the limitation period *in respect of those whom he* had no wish to sue at that time.

That was not what article 32 meant. The submission that a *written claim to the first or one* carrier suspended the period running in respect of all carriers, was rejected.

The third issue was whether the limitation period was suspended by the second defendants' knowledge of the written claim against the first defendants.

Article 32 (2) did not require any particular formality, but it did require a written claim of some sort, and it must be clear that it was a claim by the owner of the goods rather than a claim by one carrier against another. That was a separate and different claim.

There was no basis on which *notification from one carrier to* another that a claim was being made by an owner of goods, and that he intended claiming against the other carrier, could constitute a written claim under article 32 (2).

Accordingly, the plaintiffs' third submission was rejected. The claim against the second defendants was statute-barred, and they were entitled to be removed from the action.

For the second defendants: Julian Malins (Hedleys).

For the plaintiffs: Peter Gross (Ince and Company).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

CAPSTAN, the 5-4 winner of the Alycidon Stakes, and Copper Beeches, an 11-4 favourite for the Chichester City Stakes a year ago, were Goodwood winners for Willie Carson and the same horses could provide the former champion with an identical double this time.

Capstan faces three opponents in the Alycidon Stakes in which he accounted for a field of only two more a year ago, while Copper Beeches *has only three* more opponents to beat in the Chichester City Stakes.

Capstan has yet to recapture *his record-breaking form of last* summer when he lowered the course record at Goodwood. *However, in both the Alycidon* and the March Stakes, he has, *by and large, performed well* this season. He was runner-up by a length to Ardross over a mile-and-three-quarters in the Yorkshire Cup on the Knavesmire in May, and ran almost as well in the same position behind that champion stayer in Sandown's quarter-mile longer Henry II Stakes.

The West Ilsley four-year-old looked like taking a hand in proceedings in his only race *since those creditable efforts*, but he weakened quickly a *furlong-and-a-half from home* behind Critique and Glint of *Gold in Royal Ascot's Hardwick* Stakes.

With nothing of the calibre of the subsequent third and fourth in the King George VI and Queen Elizabeth Diamond Stakes in opposition this time, *Capstan may be up to returning* to winning form at the chief expense *of Clive Brittain's La* Fontaine.

Copper Beeches, who will be looking for his third course victory in the Chichester City Stakes, has, somewhat surprisingly, made only one previous appearance this term. That was in June, when the good-looking Owen Anthony gelding was always a fair way off the pace in Epsom's Headley Handicap.

Jack Holt hopes Copper *Beeches can return to the form* which saw him beating Gabitat *by one-and-a-half lengths* in this race a year ago. However, *his handicapper has a formidable* task in what looks a stronger field than in 1981. A *more likely outcome to the* Chichester City event is a win *for Welwyn*. Last time out, John Benstead's extremely *speedy Welsh Saint filly* came right back to her best when *winning readily in a fast time* at Lingfield.

GOODWOOD
2.00—Dunbeath
2.30—Capstan***
3.00—Century City
3.35—Indian Lady
4.05—Welwyn**
4.35—Lucky Man

THIRSK
2.45—Jazz Band
3.15—Man of Spirit

NEWMARKET
6.45—Polemistis
7.10—Purnima
7.40—Cavaradossi
8.35—Elmar*

TELEVISION

Tonight's Choice

With the holiday season now in full swing BBC-1 puts its Kiss me Quick hat on tonight. First we start off with the last UK round of It's A Knockout when silly people do silly things in silly settings. Best watched when drunk.

Immediately after that Russell Harty At The Seaside is the first of a new series. This could be just another patronising look back by a working-lad who has made good in the south, or it could be a sympathetic assessment of the present appeal, and present problems, of Britain's seaside resorts.

A pleasant enough evening of televisual wallpaper on ITV with only the News At Ten likely to disturb the grey cells. Rep continues its inoffensive way, bracketed between crime dramas from both sides of the Atlantic.

If you fancy a bit of debate and argument then Radio Four starts a new series of You The Jury tonight. That's the good news. The bad is they've jumped on the nuclear bandwagon with a debate on whether local nuclear-free zones are any use.

ARTHUR SANDLES

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.20 Cheggers Plays Pop starring Keith Chegwin. 9.45 Jackanory. 10.00 Paddington. 10.05-10.30 Why Don't You . . . ? 11.00 am-10.55 Cricket: First Test, England v Pakistan from Edgbaston. 1.05 pm News After Noon. 1.25 Bod. 1.40 Cricket: First Test (further coverage). 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Jigsaw. 5.10 Three Gifts for Cinderella. 5.35 The Perishers. 5.40 News. 6.00 Regional News Magazines. 6.22 Nationwide. 6.45 Best of the West: The Wild West as it really wasn't! 7.10 It Ain't Half Hot Mum. 7.40 It's A Knockout. 8.30 Russell Harty at the Seaside: Russell Harty sends you greetings from Blackpool. 9.00 News. 9.25 Cagney and Lacey (film series starring Meg Foster and Tyne Daly). 10.15 West Country Tales (London and South East only). 10.45 News Headlines. 10.50-12.55 am Late Film: "The Dark at the Top of the Stairs."

All IBA Regions as London except at the following times:

BBC 2

6.40-7.55 am Open University. 10.30-10.55 Play School. 1.45 pm Glorious Goodwood. 3.50 Show Jumping and Cricket. 6.30 Lord Mountbatten Remembers. 6.55 Six Fifty-Five Special. 7.30 News Summary. 7.35 Spine Chillers. 7.45 Gardeners' World. 8.10 Whatever Happened to Britain? 8.35 My Music. 9.00 Globe Theatre. 10.00 The Underground Test. 10.45 Newsnight. 11.30 Cricket: First Test (highlights).

LONDON

9.30 am Dick Tracy Cartoon. 9.45 Bate's Car: Sweet as a Nut. 10.00 In the Nest of the Honey Buzzard. 10.25 "Appointment With Venus," starring David Niven and Glynis Johns. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Hands. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 About Britain. 2.00 Not For Women Only. 2.45 Friday Matinee: "The Daughters of Joshua Cabe Return." 4.15 Dr Snuggles. 4.20 Buzzcatz. 4.45 Freetime. 5.15 Film Fun presented by Derek Griffiths. 5.45 News. 6.00 The 6 O'clock Show. 7.00 Winner Takes All presented by Jimmy Tarbuck. 7.30 Magnum. 8.30 Rep starring Iain Cuthbertson. 9.00 The Gentle Touch. 10.00 News. 10.30 On the Line. 11.30 The Great Depression. 12.30 am Barbara Walters meets Clint Eastwood. †12.45 am Rawhide, starring Clint Eastwood. 1.45 am Close: Sit Up and Listen with Freddie Trueman.

† Indicates programme in black and white

ANGLIA

[illegible]

CENTRAL

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

TSW

[illegible]

TVS

[illegible]

TYNE TEES

[illegible]

YORKSHIRE

[illegible]

(S) Stereo broadcast (when on VHF)

RADIO

RADIO 1

[illegible]

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

A painful leap into the technological age

Rathdown's main product became obsolete overnight. Jason Crisp reports on the company's efforts to re-establish itself

RATHDOWN INDUSTRIES—based only a short canter from the Ascot racecourse in Berkshire—was until recently a small, moderately successful and fairly typical metal bashing company. Then disaster struck; almost overnight its major product was as good as obsolete.

Rathdown had been knocking out specialised springs and metal pressings by the million for 20 years. Although it sold to the television industry and made springs for washing machines and carburettors most of its sales were to telecommunications markets.

Three-quarters of its telecommunications sales were of electro-mechanical meters used inside the telephone exchanges to measure the use of each telephone line. It also made mechanical parts for the old fashioned Strowger mechanical exchanges. Its main customer was the Post Office, as it then was, and its major suppliers were the likes of Plessey, Standard Telephone and Cables and GEC.

It had, of course, been clear to the company that the advent of full electronic telephone exchanges, like System X, made by GEC, STC and Plessey, would make the largely mechanical meter obsolete. But two years ago the anticipated gradual decline in orders turned into a precipitously steep slope.

The recession had begun to affect seriously the growth in telecommunications and British Telecom's need for exchanges using the meter became less. Changing technology also made its mark. Last summer British Telecom placed its final significant order.

The problem was compounded when the major suppliers, having cut jobs in the process of transferring from electro-mechanical to electronic production, stopped sub-contracting work to Rathdown and started making their own parts in-house.

Suddenly there were virtually no orders for a product which had represented about half its business.

The effect was dramatic. A chart of Rathdown's sales kept in the boardroom looks like something you would see in a cartoon. In 1981 sales fell from £3.3m to £2.9m as its telecommunications business slumped from slightly over £4m to less than £2m.

And the prospects were bleak. As Don Fewings, Rathdown's present managing director says: "We were a company rich in mechanical skills looking at a marketplace where the future was in electronics. Either we had to find a market for the skills we had or we had to find skills for the market we knew."

Formidable

Fewings points out that there was nothing—other than its past reputation in telecommunications—to differentiate Rathdown from the multitude of other small mechanical engineering shops up and down the country . . . and it is an industry with considerable overcapacity. Nonetheless, the general feeling of the workforce was that more effort should be put into selling its existing skills.

Fewings was appointed deputy managing director about two years ago by Rathdown's parent company, Unitech, the UK electronics distribution group. It was intended that he should take over from the previous managing director who had joined the company when it was founded and was preparing to retire early. Fewings joined from ITT, the U.S. telecommunications giant, and was the only person in the company with any up-to-date and detailed knowledge of the electronics industry.

His view—contrary to that of the workforce—was that Rathdown could only survive if it found new products and stayed with the market it knew best—telecommunications.

And that would prove difficult because the problems were formidable. It did not have a product of its own nor was it used to developing them as most of what it made was to the customer's specification. In addition it was using completely the wrong technology and had no engineering or production skills or management experience in electronics.

Fewings says: "My initial thrust was to find a product to sell to BT. In the timescale, we had to find a quick short-term solution."

Unsurprisingly he spent a considerable amount of time talking to BT about possible products. At that point BT was phones for the ordinary telefield testing a number of microphone handset. Existing carbon microphones in the overwhelming majority of the 28m telephones in the UK are cheap but had high maintenance costs and BT now wants to replace them with more sophisticated equipment.

Fewings learnt that the only non-British microphone in the field tests, made by AKG of Austria, had fared very well. Rathdown approached AKG for a licence to manufacture in the UK; Fewings pointed out that BT then had a strong "buy British" policy and that Rathdown was a proven supplier.

The initial approach was made in December 1980 and the two companies reached an agreement in principle the following October. They put in a tender for microphones in November last year and were awarded a contract approaching £2m in February this year. The deal, which covers nine months of deliveries starting this month, has given the company some desperately needed breathing space, and there is a reasonable prospect of further orders.

At the same time it has brought major problems—the greatest of which is how to make an electronics product in a mechanical engineering company.

One of the first actions was a thorough sweep through senior management. This included the appointment of new technical and marketing directors, both with considerable knowledge of the electronics industry.

The only board member with more than two years with Rathdown is the finance director; he joined in 1979. Senior managers with electronics production skills were also recruited and a software expert joined to develop the computerised test equipment needed for the microphones.

Fewings notes wryly that one of the first problems was actually recruiting people with electronics experience to what was manifestly a rather unglamorous mechanical engineering company. More than one manager waited until Rathdown had secured the microphone contract.

At lower levels in the company there was initially considerable resistance to change, according to Fewings. The general view tended to reject the notion that skills with which the company had been successful in the past were not needed in the future. Attitudes hardened during a series of redundancies last year when staffing was reduced from just under 300 to 110, which included the closure of a second factory.

During the redundancies the company ensured that personnel with principally mechanical engineering skills left. Fewings says that in the last year there has been a considerable change in attitude. He attributes several reasons for this.

First has been the level of commitment by the parent company in the shape of a clearly visible capital investment programme in the new technology. Second, seeing the new product itself has helped. Third has been a growing awareness of the country's problems—not least unemployment—which has resulted in a greater welcome for the chance of getting into "the technology of the 1980s."

But personnel have also changed. A number of the largely female staff involved in the new electronic assembly are young, recently recruited, and in their first job. Rathdown is also about to recruit a further 30 staff as microphone production is stepped up. (Fewings goes out of his way to praise the work of the new young staff, many of whom had spent a long period unemployed.)

Trevor Humphries

Don Fewings: believes new products and continued links with British Telecom are the key to survival

The factory at Ascot is now a curious mix of the old and new technology. In one corner are well-greased complicated pressing machines banging out parts with monotonous regularity; in another separate part of the factory, plain clean benches are being used to assemble the small printed circuit boards needed for the microphone.

Although the microphone has been Rathdown's saviour, it will not provide the company's long-term solution. "There is an inherent limitation on the profitability of a product which is made under licence," says Fewings. "The real future lies in getting out our own product and getting away from the 'me also' range."

To that end Rathdown has developed its own product: a microprocessor-based telephone attachment — which remains under wraps. The company claims to have identified a gap in the market, conceived the product to fill it, identified the time to get into the market and employed an outside consultancy group to help in producing a prototype.

Rathdown's survival strategy is based on three strands. One is the link with other high technology companies like AKG, and possibly others. Second is gaining a greater understanding of the technology—within the main exchange business—by trading on its marketing base and credibility to manufacture to other companies' designs. Third, is the independent development of its own microprocessor-based products.

But, warns Fewings, "I am keenly aware of the danger of being the same sort of electronics company as we were in mechanical engineering. We must have some element of uniqueness—I don't want us to end up just stuffing printed circuit boards."

A non-executive pay formula

AS managing director of Corrintec-UK, Wallace Dunlap is used to drawing up employment contracts for new employees. A good many of his staff are specialists in corrosion prevention—and the rate for the job is not too difficult to come by.

But last week he was stumped. He wanted to advise his employers—the large Norwegian building materials group, Norcem—to appoint a non-executive director to the UK subsidiary's board.

Only he had no idea what the company might have to pay.

Dunlap's problem, it seems, is not unusual. He is one of about 100 managers who call the Institute of Directors every year to ask its advice.

In every case the inquiries are handled by Kenneth Lindon-Travers, who runs the institute's non-executive director appointments service.

As a result of the number of inquiries on the subject Lindon-Travers has drawn up some new guidelines on the subject.

In Dunlap's case, he advised that for a company of Corrintec's size—its annual sales are approximately £2m—a non-executive could expect to be paid in the region of £4,000 a year for between 20 and 24 days work.

The level of payment, he says, should take account of two important elements—the agreed time commitment of the individual to the company and the level of responsibility assumed.

In the case of the former consideration, Lindon-Travers explains that as all directors bear the same responsibility, a certain minimum time must be devoted by non-executive directors to company affairs in order to fulfil their basic and essential obligations.

In most cases this will require between 12 and 15 days to cover scheduled and unscheduled meetings, homework and travelling, he says.

Then, extra time will usually be needed to gain an adequate understanding of the business, to visit plants and to meet senior management. In addition, non-executives are often asked to undertake special assignments or to serve on special management committees to deal with, for example, company audits or executive remuneration.

He estimates that, in total, a non-executive's time commitment to a company could be between 20 and 24 days a year.

The other consideration, he says, is the level of responsibility that rests on the shoulders of each director relative to the company's involvement with, for example, suppliers, customers, employees, shareholders and government.

"Despite some inherent anomalies, the spread or degree of a company's involvement will usually relate to its size," he says. "In turn, the yardstick of sales volume is usually the most acceptable and general measure of size.

"So, by implication, the size of the company will influence the level of remuneration; but as in the case of either full-time executives or managing directors, there is a curve rather than a constant relationship between size and remuneration."

As a guide, Lindon-Travers has produced a graph based on a time commitment of between 20 and 24 days a year.

At one end of the scale a company with annual sales of around £1m should expect to pay a non-executive around £4,000 a year. A company with annual sales of around £1.5bn should expect to pay about £12,000 a year.

Extended

These figures equate roughly with a recent survey of non-executive pay in the UK by executive headhunters Korn Ferry International. It found that the average non-executive package among a sample of medium and large companies was now worth £5,500 a year, up from £4,800 12 months before.

Of his guidelines Lindon-Travers warns, however, that in some instances, the average committed time used in the graph will not apply, either because the non-executive's role is confined to its basic form or—more likely—extended beyond the usual range of functions.

In the event that a non-executive director is invited to become chairman, both the role and the responsibilities increase significantly, he adds. In his experience the time commitment of a non-executive chairman may well range from 40 to 120 days a year or, in major groups, almost full-time.

To work out a remuneration package for such an individual Lindon-Travers recommends using the "plus-time" calculation but to first increase the normal annual payment by a quarter to reflect the additional level of responsibility.

Arnold Kransdorff

TECHNOLOGY

EDITED BY ALAN CANE

Circuit boards

CAD colour graphics

THE LATEST computer aided design (CAD) machine for printed circuit boards from Gerber Scientific, the PC-800 model 3, is based says the company, on the design and production requirements asked for by customers for earlier Gerber models.

The company has concentrated on those facilities that users need most frequently and the new machine offers colour graphics (enabling layers of a multilayer board to be seen in different colours for example), winchester disc storage, design rule checking (preventing the user from making mistakes), on-screen design and finally the production of component insertion tapes for use by automatic insertion machines.

Design features, on screen, include interactive connections routing, the routing of connections from level to level and the movement of connection points without changing the start and finish points of an original path.

Robots for creep-feed process

Production grinding on-line for high output cycles

MAX COMMANDER

REFINEMENTS on creep-feed grinders by Elb Schliff of West Germany, a company which pioneered a great deal of work on the system in the late '60s, have now reached a point, the company claims, where production rates are attainable that would have been unimaginable a few years ago.

For many years the grinding of precision engineering components was regarded as a labour intensive and specialist operation but now, perhaps, upgraded to full production status.

In the late '60s creep-feed grinding came to be accepted for grinding, say, gas turbine blades. It enables complicated shapes to be fully formed and finished in no more than one or two passes of the grinding wheel.

Subsequently, NC, automatic wheel dressing and wear compensation was introduced.

Elb, which is probably the biggest manufacturer of machines devoted exclusively to surface grinding, has taken matters a step further by the design of a grinding production line using gantry mounted robot arms at the front and rear of the line.

The line can consist of any number of grinding cells through which the robot arms progress the components.

Each cell contains two Eltac grinding modules with two-station indexing tables. Grinding can then take place while the workpieces are passed simultaneously to the next station.

Rear of the line robots look after continuous dressing of the wheels and automatic wheel changes. When a wheel is worn to its minimum diameter an automatic signal to a rear robot ensures a call-up replacement from the wheel store.

Elb believes that this transfer line system represents a major step forward — "a coming of age of the creep-feed grinding process, so that its capabilities as a competitive means of production over conventional metal cutting systems will now be recognised."

So much for the claims, but, apparently, Elb did experiment with a multi-head grinder system presenting the components to the machine in sequence.

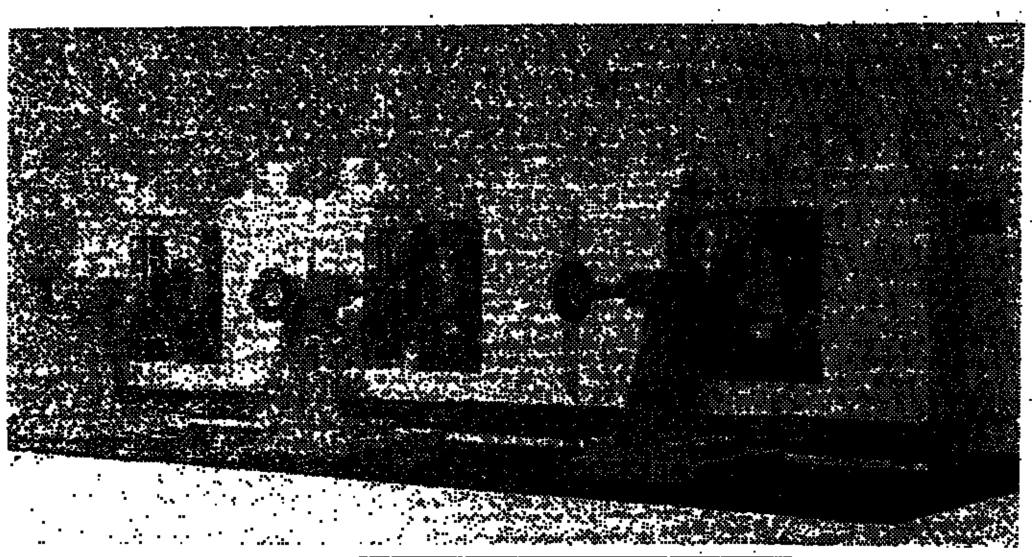
Eventually the idea was rejected for a number of reasons but mainly because of some loss of precision. It was decided that it was far easier to build in lasting accuracy using the cells and line system.

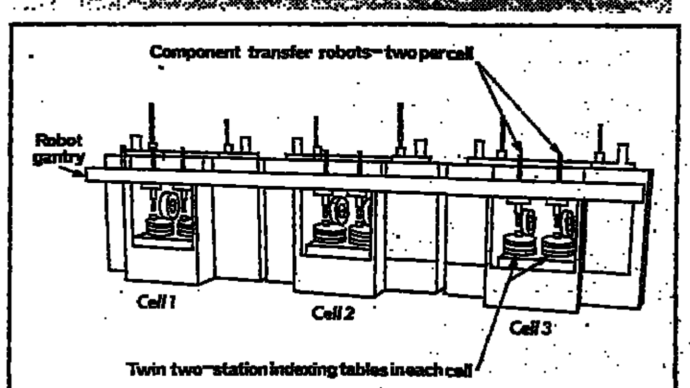
The latter offered generous slide proportions and guaranteed no fall-off over a fairly long working life — better it was decided than having a small component shuttle constantly scurrying around a single machine.

There were also "enormous" productivity gains by the line system where at every cycle every grinding head was in use.

Typical output figures are suggested at a one minute cycle for components each requiring ten grinding operations.

It has to be stressed that no such line exists as yet in the UK, but manufacturers thinking about spending a couple of million might like to talk to John Williams at Elb's British agents —Soag Machinery, Transport Avenue, Industrial Estate, Great West Road, Brentford, Middlesex (01-560 5181).





The diagram above shows the twin, two-station indexing tables while (top) the model shows the robot arms at the rear of the grinding line.

Data

Query by example

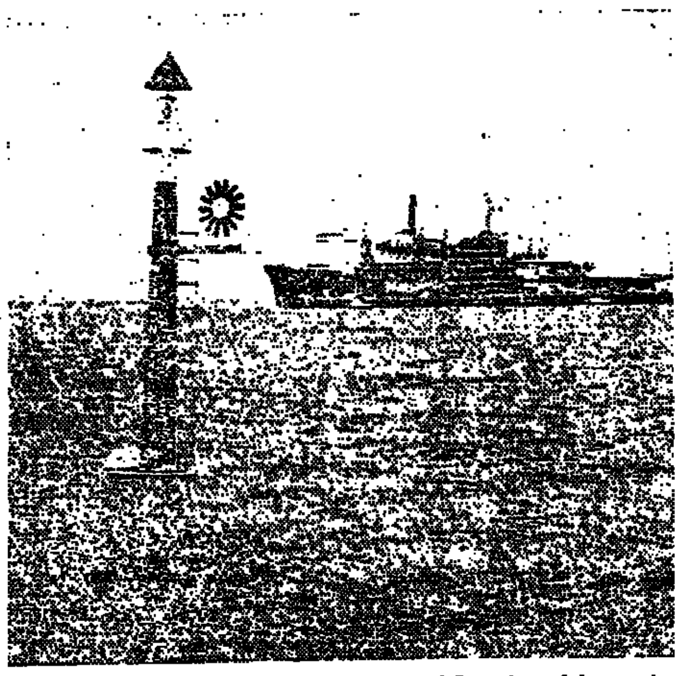
NORSK DATA of Newbury, Berks (0635 31465), has disclosed details of a "query by example" software tool called Access which is designed to allow users with little or no computer experience to input, extract and manage information stored within a database.

The software allows users to operate on existing files and databases created by conventional methods and it can also be used in the definition of new files and databases as well as in the development of application packages.

Access is a high level interactive database management tool which runs on all Norsk Data 16 and 32 bit computer systems, making it particularly suitable for distributed data processing applications.

Marine safety

Navigational buoy undergoing trials



This starboard version of the BTOR 2.5 series of buoys is undergoing evaluation trials at Southampton's Weston Shelf location. The buoys are now to be marketed throughout the world.

A RANGE of navigational buoys developed by Howe International of Poole, Dorset, is to be marketed in collaboration with the McMurdo Instrument Company of Portsmouth, a manufacturer of marine safety equipment.

The buoy has been designed for fast current and shallow water. It has a 5.13m focal plane and 2.5m diameter with a white light range at night extending from three to 12 nautical miles depending on selection of any one of four optional lamp fittings.

The steelwork, GRP foam filled toroid float and GRP tower can be replaced independently in the event of damage from a collision.

All the models incorporate a microprocessor controlled digital assembly for a range of approved International Association of Lighthouse Authorities (IALA) flashing programmes, a dual lamp assembly with green filter a 10M2 radar reflector and a 120 AH 12V sealed battery pack.

The system lights are self-maintaining with power supplied by a 50W wind-driven generator, while for tropical locations a solar system is available.

McMurdo says that each buoy weighs only one tonne so transport to location is relatively easy and the buoy requires only a lightweight mooring and sinker. The estimated servicing period is 18 months and should need only a change of the lamp assembly and cleanin of the generator slip rings.

Known as the BTOR 2.5 series the buoys are available with or without a tail extension for shallow or deep water, and a complete system can be supplied at an ex-works cost of about £5,500.

One version is undergoing evaluation at Southampton's Weston shelf buoy location but a bigger triple toroid version has already been supplied to Paramaribo Harbour, Surinam, where it has replaced a 40-year-old light vessel.

The McMurdo Instrument Company is at Rodney Road, Portsmouth, Hants. (0705 735361).

Enhanced telex machine

HEWLETT PACKARD has gone into the telex preparation machine business with the announcement of HPTelex, an enhancement to its HP3000 range of business computers.

Using a terminal connected to the computer, anyone in an office can compose, edit and despatch telex messages and receive incoming items on a printer. In addition, text already stored on the 3000 can be called up for telex transmission.

All that is needed is a small telex interface unit connected to the computer and the appropriate software package. Also a British Telecom DCE-3A interface is needed to link with the telex network.

These systems—there are a number of others on the market—allow the conventional telex room, with its inevitable bottlenecks, to be by-passed and the originators of the messages in effect, to go "on line."

Programming

Engineers who decided to learn about computers

MOST engineers tend to leave the computer programming to the non-engineering experts. The result sometimes is that the software takes a considerable time to develop, or problems have to be eradicated at the production stage, or both, and with a complex job it is generally expensive.

One engineering company which decided to learn about computer programming in order to create its own software is Tarpey Harris, toolmakers and diesinkers to the aerospace and precision engineering industries.

Not only has its quality and productivity improved, but it has also been able to develop a profitable sideline by creating tapes for other users of similar Bridgeport CNC machines.

Having identified the need for three-dimensional software not in universal use that could be applied to particular geometrical shapes, Tarpey Harris proceeded to develop programmes for radial, conical, spherical and other shapes to suit a wider variety than their own needs.

Collaboration between the company and its customers has led to the development of a post processor. This, effectively, converts a customer's instructions for use on Tarpey Harris's Bridgeport machines and because it can do this direct from design information this saves time and eliminates the chance of programming errors.

A plotter is connected to the computer to produce a print-out of the shape of the component programmed. This gives a quick visual check that the programme is of the correct form. Plotted at 10 times magnification, it provides a template for use on optical projection type inspection equipment when the workpiece is machined.

Tarpey Harris is at Aston Street, Long Eaton, Nottinghamshire (06076 66588).

Chemicals

Safer handling

SAFER HANDLING of highly toxic chemicals is claimed with the introduction of a new 2.5 litre winchester from Micro-Image Technology of Riddings, Derbyshire.

The company supplies nitric acid and a blend of ammonium fluoride and hydrofluoric acid to the semiconductor industry and has been concerned about safety with xisting containers.

The new winchester has a deep thread polypropylene cap, with a PTFE insert, a 35mm neck, which, the company claims, ensures a smooth and safer flow and a pouring handle for the user's index finger. The bottle is also available with a clear plastic coating to protect the user should it be damaged or inadvertently dropped.

Micro-Image Technology is on 0773-604411.

THE ARTS

The Dog in the Manger/Shaw

Rosalind Carne

Love wrestles splendidly with honour in this dark comedy by Lope de Vega, graced by the finest student production I can remember. Manchester Umbrella Theatre Company received a record six awards at the Sunday Times National Student Drama Festival in Hull this year, and they deserve every one. There is no scarcity of talented young actors, but it is rare to witness so many together at one time working under such assured directional vision.

Within the chambers of the Countess Diana's palace, the suffocating air is heavy with intrigues, jealousies and plots. Passionate feelings must be stifled under a rigid code of propriety and no one is more eloquent of the contending strains of duty and desire than Sara Thomas in a superb realisation of the Countess. She is the dog in the manger whose exalted station must separate her from Teodoro, the man she wants, but who cannot bear to see him go to another.

Rachel Clare's stark design is a circular acting space within a wooden surround, a kind of bull-ring for this clash of feelings. When Diana taunts her Teodoro, she hovers behind him, anger and longing vying for supremacy on her delicately mobile face, he cowers downstage with his back to her like a stalked animal. Matthew Piette plays him as a slightly pompous opportunist who, aside from his social ambition, appears to be more in love with love than with either of the women who adore him. This works well enough until his honest avowal in the final scene which feels somewhat out of character.

Spanish drama of the 16th and 17th century usually calls on a mischevious, but ultimately trusty, servant to whip up the action and spur on the heroes. Teodoro is blessed with Tristan, a likeable sceptic who has his master's interests at heart and manufactures a fake noble lineage to facilitate his matrimonial plans. He is the dramatic linchpin and George Usill does very well in the role, darting hither and thither, exuding ironic humour and considerable mental and physical gusto, though never losing control under Laurence Boswell's direction.

When the Countess hears about his well-meaning deceit from Teodoro himself, she simply rejects its importance. As long as the superficial trappings of honour are sustained, the sways of the heart can be happily realised.

Around this light-hearted revision of the strict social code, the great Spanish writer unravels an astounding wealth of emotional nuance. Marcela, the discarded mistress suffers all the pangs of a broken heart and hurt pride. Katherine Jones gives a strong performance, especially when her sudden hopes, are repeatedly dashed by her suitor, who swings like a weathervane at every whim of his grand mistress.

Charles Ireland and Richard Sandells provide a delicious comic double act as her haughty suitors, strutting grandees who will pull out their swords with the appropriate "Ha" at the slightest hint of indignity. The translation by Jill Booty, sounds smoothly colloquial, without losing the heightened language of passion and the distinctive shades of social class.

Chilingirian Quartet

Richard Joseph

Hugh Wood's Third String Quartet formed the centrepiece of the Chilingirian's recital at the Wigmore Hall on Wednesday. Composed in 1976 and '77, this shapely and craftsmanlike work fully deserved the respectful, earnest performance it received. But the respect that Wood paid in his own invention, the caution with which he extended and elaborated his original materials, shows a diffidence that amounts to timidity. Despite the originality of its sectional form, allowing the possibility for unusual juxtapositions and far reaching explorations, the Third Quartet is most strongly characterised by its reluctance to stretch imaginative boundaries beyond accepted convention. It is conservative music of the most dispirting sort.

Conservative music of a far more enlivening kind was represented after the interval. Schumann's Piano Quintet is one of that composer's most classically structured works, in which a succession of marvellous melodic ideas are ordered absolutely predictably. But such are the originality and beauty of the ideas that the banality of the form matters very little. For this the Chilingirian were joined by pianist Steven De Groote, an assertive, confident ensemble player. The intricacies and occasional awkwardnesses of Schumann's piano writing held no problems for him. He accompanied well, when necessary, and led the ensemble brilliantly. A touch of nervous excitability about his playing reflects, perhaps, his studies with Rudolf Serkin.

The quartet responded excellently, each player bringing a good deal of individuality to their solo passages, yet blending well and generally matching the busy piano part in weight and volume of sound. On this form, they are much the most interesting and rewarding of the younger generation of British string quartets. When their intense and solistic style is applied less discriminatingly, as it was in Haydn's G minor Quartet op 74 no 3 (The Rider), the results can be less successful. A more careful application of vibrato and a stricter sense of the overall shape of the music would have given Haydn's Romantic excursions a more suitable context, and made them sound all the more surprising.

RSC's longest ever UK tour

The Royal Shakespeare Company's longest-ever tour of the United Kingdom — visiting 23 towns and cities in England, Scotland, Wales and Northern Ireland for an almost continuous period of 26 weeks — sets out next month.

The tour — a new production of the RSC's award-winning West End comedy *Educating Rita* — begins in Nottingham on August 30 1982 and ends in Bath on March 12 1983.

Tom Baker, who has just completed a West End season in *Hedda Gabler* at the Cambridge Theatre, joins the RSC for the first time to play Frank, the middle-aged academic whose life is transformed by the arrival of Rita on an Open University course for which he is the tutor. Kate Fitzgerald returns to the RSC as Rita.

Places to be visited are Nottingham, Darlington, Stirling, Glasgow, Inverness, Wilmslow, Ayr, Scunthorpe, Belfast, Mold, Plymouth, Norwich, Newcastle, York, Brighton, Poole, Basildon, Buxton, Reading, Peterborough, Bury St Edmunds, Birmingham and Bath.

Maxwell Caulfield and Michelle Pfeiffer in 'Grease 2' and Judy Davis in 'Heatwave'

Cinema

Nigel Andrews

Back to school again blues

Grease 2 (A) Plaza
The Witness Gate Notting Hill
Heatwave (AA) Screen on the Hill
Joseph L. Mankiewicz and John Milius National Film Theatre

Those currently cowering under trees or in shop-doorways to protect themselves from the drenching rain of movie-sequels afflicting Britain should keep up their evasive action for another week. After the further adventures of Admiral Kirk and Rocky Balboa last week, *Grease 2* now enters town.

The second instalment in this musical saga replaces John Travolta and Olivia Newton-John with two hitherto undiscovered sprites called Maxwell Caulfield and Michelle Pfeiffer. But otherwise it carries on where *Grease 1* left its last well-lubricated thumbprint on the box-office. All the world's a High School and all the men and women merely mega-throated, twinkle-footed song-and-dancers.

The earlier film's fantasy of teenage romance caught in the action-zone between two rapid-firing life-styles—town and gown, loud-throttling motorbikes and louder classroom mêlées—harked back to the 1950s, and *Grease 2* seems entirely planted, potted and peated in that decade. The males sport quiffed and Brylcreemed hair, the females seem to be in training for careers as Pom-Pom girls, and the Senior Common Room has opened its door to yester-generation's ace matinee idol Tab Hunter, here balancing specs on a Greek God nose as the biology teacher.

There are one or two bouncy numbers ("Back to School" and "Reproduction") and high professionalism in the staging. But for the most part it's like being trapped in a time-machine with the monkey-glanded, sinisterly ageless survivors from an anodyne *temps perdu*. Lead *ingenus* Pfeiffer and Caulfield smile bravely and flex mellifluous tonsils, but they can never quite help seeming like the respective ghosts of Connie Stevens and Frankie Avalon: (or, since Caulfield is English, a pre-evangelism Cliff Richard).

★

Peter Bacso's *The Witness* disports itself in a different 1950s. The Hungarian Cinema's current open season for anti-Stalinist films—as shotguns blast all round us and yesterday's rejected dogmas scurry from cover like hares—has already given us *Angi Vera* and *Time Stood Still*. Bacso's satire on the Bad Old Days of Party despotism and victimisation was made in 1969, but the film only emerged publicly in Hungary in 1978 when it became permissible—and to judge from the plethora of such films at this year's Hungarian Film Week, almost obligatory—to savage the early 1950s.

The Witness is a slow-coach *cause célèbre*. A few bright hiccups of invention liven an otherwise somniferous plod through would-be satiric terrain: as dumpy-woebegone ex-dyke-keeper Josef Pelikan (Ferenc Kallai) finds himself whisked by Party Machiavellianism through an alarming alternation of different jobs and intervening prison-spells (for wholly accidental insults to authority), in what proves an elaborate campaign to endow our hero with credentials as a naïve but honest booby. Why? Because he will be called upon to testify against his old friend the Cabinet Minister (Zoltan Fabri) in a key show-trial, and a cast-iron record of well-meaning incompetence will lend integrity to his voice.

The only sustained comic sequence is that in which Pelikan, appointed Director of a Fun Park, determines to put an ideological stamp on his fairground world. "From now on," he proudly announces, "the Ghost Train will be known as the Socialist Ghost Train." No sooner said than the opening-ceremony VIPs — a plump Party General and his retinue — are being locomoted through a spook tunnel in which dangling skeletons and upending coffins have been replaced by giant bearded Karl Marxes, slave-gangs working under the banner "You have nothing to lose but your chains" and giant hammers striking giant sickles. Not surprisingly, terror is etched undimmed on the participants' faces and the General's final scream and dead faint are enough to ensure Pelikan's next spell in prison.

★

Heatwave unfolds in phew-what-a-scorcher Sydney; where the disparate destinies of young architect Richard Moir and young activist Judy Davis collide one hot summer, in a story based on a real Sydney building-project scandal wherein unhoused dwellers fought the good fight against corrupt planners and evicting hit-men.

Director Phillip Noyce, who shaped the enthralling *Newsfront* from a patch-quilt of fiction and newsreel, has homed in on reality once more here. Unfortunately, with the target large in his sight, he has chosen to swerve into purple fantasy for most of his movie, and loony melodrama emblazons the welkin.

Moir is Steven West, the designer of "Eden": a planned luxury apartment-block which, to judge by the scale-model in his office, will boast a spectacularly improbable preponderance of trees, bushes and engulfing greenery. Davis is Kate Mead, the anti-Eden protest leader with whom — romantic imperatives being ineluctable even in socially-conscious films — the architect soon amorously entwines.

No surprise that the plot, pulled in opposite directions by love-interest and headline-hot verismo, finally snaps apart altogether. Noyce's gift for pacing and shaping an all-sorts narrative, which vitalised *Newsfront*, seems to have abandoned him here. Scenes stop and start, elide and collide. Now it's day, now it's night. And the film ends by falling into the embracing gap between the Devil of a tuppenny-novel unlikely-opposites romance and a deep dark sea of *film noir* political-thriller atmospherics.

★

The National Film Theatre offers two large, cool, refreshing cinematic drinks to filmgoers currently parched by the long, hot, silly summer in the cinema. One is a retrospective of the films of Joseph L. Mankiewicz: the great Hollywood trouper who with pen and lens wrought such perennials as *All About Eve*, *The Barefoot Contessa*, *A Letter to Three Wives*, *Suddenly Last Summer*, *Julius Caesar* and — sticking out like a sore but unavoidably spectacular Sphinx — *Cleopatra*. A season worth several visits.

The second NFT libation is in honour of another U.S. writer-director John Milius. Milius has claimed fame by marching through the jungle of American machismo with a machete and making movies like *Dillinger*, *The Wind and The Lion*, *Big Wednesday* and (latest) *Conan The Barbarian*. Two of his films — *Jaws* and *Apocalypse Now*, both of which he co-scripted — occupy a major place in any pantheon of popular cinema in the past 10 years.

★

Absence at the Taormina Film Festival — where, even as you read, I am — has prevented me from seeing *Richard Pryor Live On Sunset Strip*, which opens today at the Dominion. I hope to see it and review it next week.

'Ward Games' for Duke of York's

Ward Games, a new play by Tom Elliott, will open in London at the Duke of York's Theatre on Tuesday, September 7 with three charity previews from Friday, September 3.

St Louis Opera

An American tragedy

Andrew Porter reviews 'The postman always rings twice'

Stephen Paulus, born in 1949, came to attention in 1979 when the Opera Theatre of St Louis commissioned and produced his first opera; the one-act *The Village Singer* (Pauline Tinsley its heroine), a turn-of-the-century tale, set in New England, which is charming, funny, touching, and poetic. It ought to become the central panel of an American *Trittico*. St Louis then commissioned another, full-length piece, and asked for a contemporary American subject. The result is *The postman always rings twice*, which had its premiere this summer.

Colin Graham, the company's associate artistic director and director of productions, found the subject, wrote the libretto, and produced the opera. He was drawn to the James M. Cain novel, he says, by "the driving passion of the plot and its roots in classical tragedy" and "the fact that page after page (as in so much of Cain's writing) is full of music, whether literally . . . or in the unselfconsciously lyrical outbursts of the two doomed lovers."

Cain is by some deemed the author of sexy, violent thrillers—junk novels redeemed by a touch of distinction in the writing and by plots as neatly constructed as theorems—and by others classed as literature: "his stories are the stuff of American mythology." *Postman* tells of a young vagrant, Nick, who lands up at a roadside sandwich joint in a Los Angeles suburb, falls in love with the proprietor's wife Cora—and she with him—and joins with the wife to murder her husband. They get away with it, but the postman (or fate) "rings" again when Cora is killed in a car smash and Nick, driving, is hung for her murder.

Cain (who was for a while managing editor of *The New Yorker*) seems deliberately to have made "cheap" elements serve a more ambitious purpose. The waitress who brings you your hamburger may have a private life as rich as Clytemnestra's. Lurid *Post* stories become the stuff of art. Greek tragedy is rewritten in the vernacular. Graham's libretto seeks to combine the raw verismo appeal of *Cavalleria rusticana* and the mythic, poetic quality of *Lulu*. It is a committed and very skilful piece of work.

Paulus is neither a Mascagni nor a Berg. But he is a born opera composer who writes vocal lines that sing and live. Most of his *Postman* is in an effective neo-verismo vein, and what might (after the line in Butterfly) be called the "milk-punch or whiskey?"—setting modern conversation to operatic songs—scarcely arises. Nothing sounds unnatural. The lawyers of Act 2 (the piece is in two acts, of 60 and 70 minutes) drop into cabaret song, so effectively that one wishes Paulus had, Cain-like, drawn more often on a wider range of popular idioms. The two duets of Act 2, which should carry the emotional burden of the drama, don't soar and that, I suspect, is the reason why this well-wrought opera does not quite achieve all it sets out to do. British readers can judge next year, when the St Louis company brings it to the Edinburgh Festival.

The production was first rate, with Kathryn Bouleyn and David Parsons as the lovers, and William Harwood conducting. Miss Bouleyn has become a radiant lyric-dramatic young soprano, with a voice beautiful, powerful, and accurate, and passion in her phrasing.

Maddalena, Prokofiev's early opera—abandoned, largely unscored, in 1913; completed in 1978 by Edward Downes—was pretty well received when the BBC broadcast its premier in 1979. The plot is tushery after Wilde's *A Florentine Tragedy*. The piece may have more glamour and go in it than was made apparent in St Louis. A reduced scoring was used. The staging was tame. Stephanie Sundine, a pure, chaste soprano, an admirable Ariadne for the City Opera last season, was miscast as the voluptuous heroine. The Gennaro, James Schwisow, is handsome (last year in St Louis Anthony Besch was moved to set the first scene of *Rigoletto* in a locker room), and he has a handsome tenor, but he was a wooden performer. Judgment on the opera suspended. Praise to St Louis for doing it (the world stage deuxième), tempered by disappointment that it was not more excitingly done.

Apollo Distraught/Big Top

Clement Crisp

Ballet Rambert has moved into the Big Top in Battersea Park and will be resident there, with varied offerings, until the end of next week. The company's first programme, which I saw on Wednesday, opens with the urban anxieties of the young in Robert North's *Lonely Town, Lonely Street*, and closes with the Handelian serenities of Paul Taylor's *Airs*. Two novelties come in between, both by Richard Alston.

His *Apollo Distraught* may be something of a puzzle—is Catherine Becque, its leading figure, the eponymous Apollo? Are the three men dressed as track runners her Balanchinian muses?—but its atmosphere and choreographic incidents are so intriguing that it matters not at all about the dancers' identities, because their dancing is so satisfying.

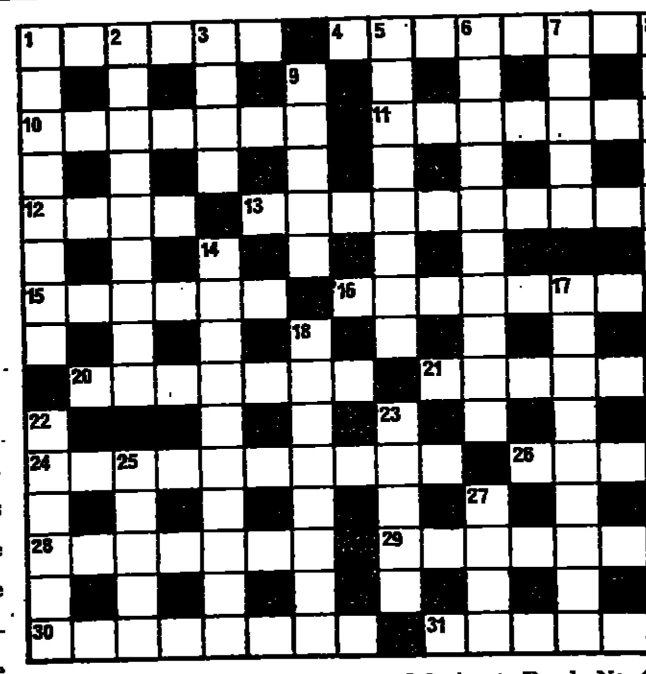
There is a clear-toned, hints-of-Greece temple setting by Candida Cook, who also provides the rather unflattering costumes. The score is Nigel Osborne's elegantly shaped concerto for flute, elegantly played by Michael Taylor and the Mercury Ensemble. Mr Alston's dances are taut, fresh.

The piece can be viewed as a simple disposition of figures according to the sonorities and implicit dramas of the music. It may, though, have a more arcane logic, for six handmaidens attend Miss Becque, and she is shown as an uneasy and questioning figure. But the real heart of the work seems to lie in the writing for High Craig, Ikky Maas and Michael Popper as the trio of *sportif* celebrants, their movements often slow, insisting upon languorous falls and acrobatic convolutions.

There appears no obvious resolution to these dances, but the rightness of their relationship to the score, and their allusive force, create an effect both teasing and satisfying. *Apollo Distraught* stimulates, pleases.

Very different, I found, was the other novelty, a duet set to the Mozart K397 piano fantasy which looked like mock classical dancing for mock classical dancers. I thought it laboured, whimsical, horridly dressed and insufferable on all counts, not least in the use of a piano which sounded as if it had been discovered on a Thames mudflat at low tide.

F.T. CROSSWORD PUZZLE NO. 4,936



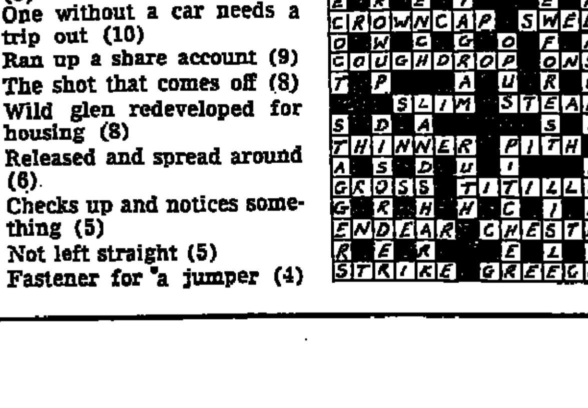
ACROSS

1 Schoolboys' expression — of comfort, perhaps (6)
4 Their acts are well known (8)
10 Relatively patronising (7)
11 Spider gets fly that's artificial (7)
12 Sweet and sour (4)
13 A comedians' outing is usually good for a laugh (5, 5)
15 Ill feeling (6)
16 Looking cross and conspicuous (7)
20 It's no fun as a rule for him (7)
21 Local argument which carries weight (6)
24 They know their actions mean the high jump (10)
26 Telephone and give a name (4)
28 Arch is rough cast on the outside (7)
29 Ends an interim arrangement (7)
30 Set off for school in time (8)
31 As a hot drink it takes some beating (3-3)

DOWN

1 Canst not be shaken! (8)
2 They may give a lift to potential down-and-outs (9)
3 Home fixture for City (4)
5 I'll stick around and find something for your sore throat (8)
6 A mistake on the river creates high commotion (4-6)
7 Vessel found in the kitchen bin, perhaps (5)
8 Military band? (6)
9 Pick up something exclusive (5)
14 One without a car needs a trip out (10)
17 Ran up a share account (9)
18 The shot that comes off (8)
19 Wild glen redeveloped for housing (8)
22 Released and spread around (6)
23 Checks up and notices something (5)
25 Not left straight (5)
27 Fastener for a jumper (4)

Solution to Puzzle No. 4,935



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Friday July 30 1982

Transport in London

FOR THOSE who believe that any reduction in the powers of the Greater London Council is a desirable end in itself, the recommendations of the Transport Committee of the House of Commons on London's transport system will have considerable appeal. They include, among other things, a proposal to establish a new independent Metropolitan Transport Authority which would assume responsibility for policy and for the performance of the London transport system as a whole.

Rational

Clipping the GLC's wings is not, however, synonymous with a rational transport policy any more than the recent decision by the House of Lords that the GLC had no right to increase the subsidy for fares on London Transport made economic (as opposed to legal) sense. A coherent transport policy for London has to strike a balance between the demands of administrative efficiency and proper accountability. It must also recognise that the adequacy of London's transport arrangements is a matter of national importance as well as intense local concern. How far can the proposals of the Commons committee be said to fulfil these requirements?

Certainly there is a case for the more integrated approach to policy implicit in the establishment of a Metropolitan Transport Authority. The authority's remit would include control over London Transport, investment in roads and public transport and the level and structure of public transport fares (though the committee did not choose to make any judgment on appropriate levels of subsidy). And its power would extend over the whole of the present GLC area and into districts in surrounding counties which serve as significant dormitories for London commuters.

Integration

The committee also argues for the creation of a London Transport Partnership based on the models operated in large West German cities such as Munich and Hamburg. The partnership's responsibilities would include the integration of services and timetables, investment and planning, and the development of a common fare structure.

Such co-ordination is overdue in London where it is impossible to switch from train to bus to Tube without paying three different fares and confronting unco-ordinated timetables. However, the committee flunks a major hurdle by accepting British Rail's assertion that it would be impossible to take over direct operational control of South east commuter services.

Wider problems start with the issues of efficiency and accountability. The transport authority would be composed of people nominated by the Secretary for Transport, the GLC, the London borough councils, the relevant county councils and a transport users' committee whose members, curiously enough, would be appointed by the transport authority itself. The precise balance of membership and the method of appointment are not specified. But half the authority's total membership would apparently consist of local council representatives. It would report to the Transport Secretary annually.

Reduction

This appears potentially cumbersome. And the committee's hope that the centralisation of policy-making might enable some reduction to be made in the public service establishment dealing with London transport matters looks pious.

Equally worrying is the suggestion that the transport authority should have the power to precept ratepayers in the City of London, the London boroughs, and the county districts within its jurisdiction, subject to a ceiling laid down in the legislation. The only counter offered by the committee to objections on this score is that "the principle of precepting is now well established," which is tantamount to saying that what is, is right.

Where the committee argues for greater co-ordination of transport services, its case is powerful. But it remains far from clear that a new quango, with a large staff and wide revenue-raising powers, would be better than what has gone before. In short, there is food for thought here but not, without further discussion, wholly convincing grounds for action.

The way ahead in Europe

THE EUROPEAN Community is sick. That is nothing new. But the pressure of events is such that the Ten cannot go on muddling through with palliatives.

The end of the post-war boom with its ever-growing markets has destroyed the illusion that membership in the Community is a certain ticket to prosperity. The Community itself is bogged down in never ending arguments about its budget, its farm policy and so forth. It has not properly digested the four new members who joined the original six and it is troubled by the implications of Spain and Portugal as future new members.

Most important of all, the hopes and fears that inspired the founding fathers have lost their urgency. They wanted to rebuild a war-shattered continent. That has been done. They wanted to progress towards political union to banish for ever the danger of another war between Western Europeans. Seen in the light of today that danger has become remote to the point of non-existence.

Debate

For all these reasons it is time that the desultory debate about the future nature of the Community should be given greater urgency and be brought to a conclusion. The opportunity to do so is offered by the pause for stocktaking which France has proposed before pushing on seriously with the Spanish and Portuguese applications for membership.

Difficulties associated with these applications have led to a revival of proposals for a two tier community—one tier for the industrially mature and those genuinely intent on economic union; another for the less developed and those who bridle at full economic integration.

The idea of a two tier community bears examination. But we are not attracted by the idea of a Community *à la carte*, with members, and especially new members, being entitled to pick and choose which policies they wish to take part in.

Such a procedure would encourage bickering potentially more dangerous than anything Brussels has yet seen. It might even encourage existing members to try to opt out of policies that they dislike. Uncertainties would be created that would prevent business and politicians reaping the advantages that the Community is supposed to offer.

We much prefer the French pause for reflection, provided it is sincerely meant and not merely a delaying device. By implication it ought to call for the Ten to put their own house in order: to ensure the continued working of the Common Market against protectionist ambitions; to tame the excesses of the farm policy; and to eradicate injustices in the Community budget system.

Leading Italian personalities have tried to address the economic difficulties of enlargement by proposing that new members should adopt Community policies only once they are ready. That makes sense provided the new members are firmly committed to accept the full Community regime within a period that is limited, though it may be longer than the transition periods they initially hoped for.

The merits of the Italian proposals are political. They would bring the candidates into the Community institutions by the target year of 1984, though new members should be kept to a consultative role in all those areas where they have not adopted the Community regime. It also makes sense to bring them into the process of political co-operation within the Community, as the Italians suggest.

Damaging

The effect would be to create a membership-in-waiting, rather than a second class membership damaging to national pride and indirectly, therefore, to the fledgling democratic regimes in Lisbon and Madrid. Among the existing Ten, Greece could be given the choice of reverting to membership-in-waiting, if it so wished because of special circumstances rather like those of Portugal and Spain.

For the other nine the chief priority must be to clarify what sort of community they want and to get on with the budgetary and farm policy housecleaning. This will require an effort of political will. Without it, the Community cannot prosper, let alone successfully absorb new members.

OIL MAJORS

The Seven Sisters slim down

By Ray Dafter in London and Paul Betts in New York

THEY have cut back on first class travel at Exxon, the world's biggest oil company. Executives going abroad nowadays usually have to fly business class rather than occupying the first class seats which were once standard.

More seriously, Exxon has been sending out letters to its employees offering them incentives to retire or resign in an effort to trim its world-wide staff of 180,000 people. The corporation has warned that if insufficient volunteers step forward there could well be "involuntary layoffs."

These are significant pointers to the tough times which have hit an industry more usually known for an air of free-spending gradiloquence. Belt tightening and rationalisation have replaced expansion and diversification among the "Seven Sisters," the world's seven major oil companies.

The seriousness of their plight is illustrated by the half-yearly financial results now emerging from their U.S. and European headquarters. Exxon has just reported, for instance, a 38 per cent drop in its first half net earnings, from \$3.43bn in the January-June period last year to \$2.13bn this year. Texaco's first half earnings fell by 44 per cent, from \$1.2bn in the first six months of last year to \$672m this year.

The results reflect an array of problems troubling the industry: the depressed economic environment, the substantially reduced demand for oil and petrochemical products, the large surplus of processing plant, the falling value of oil production, and the high cost of financing stocks and investment.

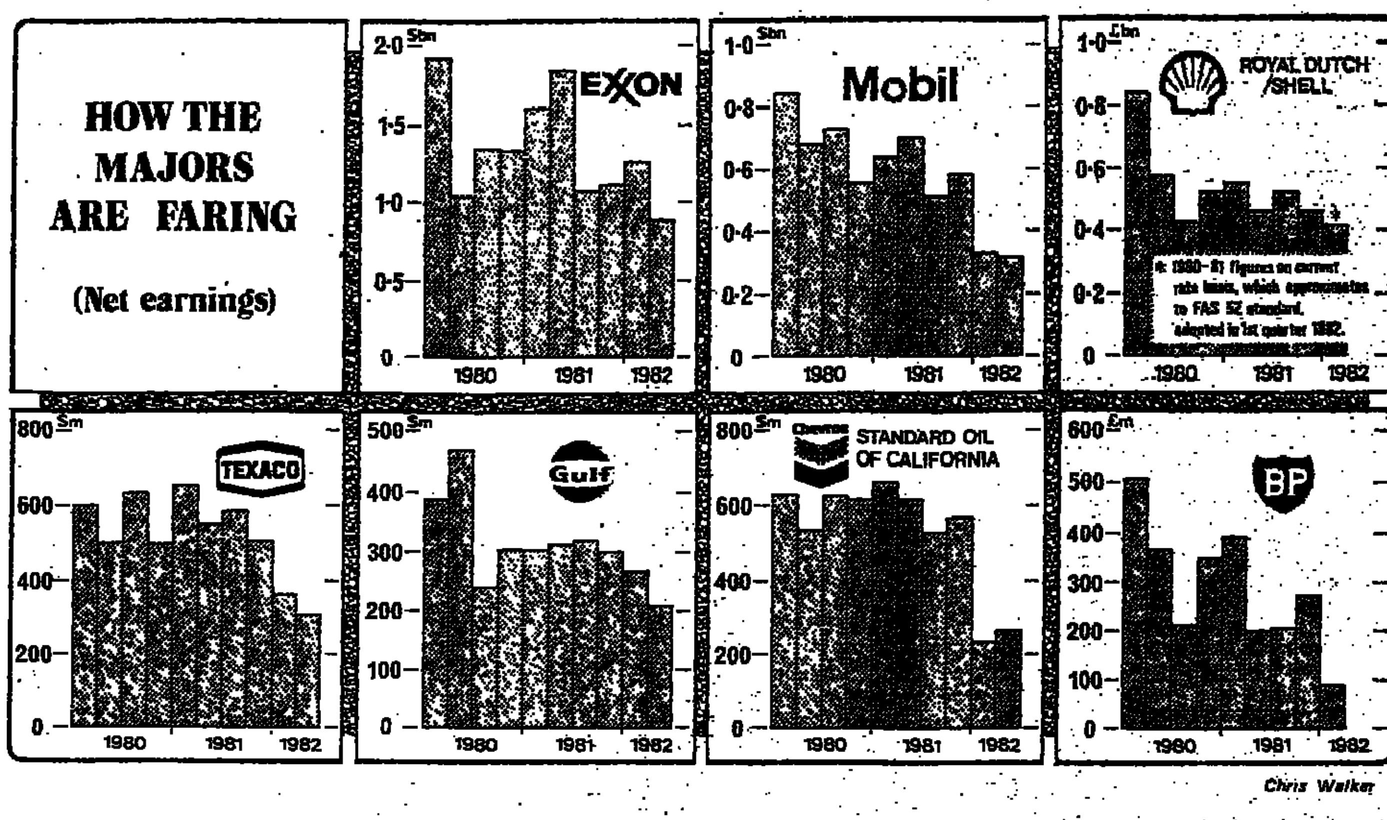
The defensive action being taken by the companies will have a lasting impact on their efficiency and corporate strategies.

For a start, all of the companies are learning to live with reduced stock levels. With interest rates so high and so much oil swilling around the world markets, the companies have found they cannot afford or justify the exceptionally high stocks maintained during past years of uncertainty.

Consequently companies have been easing their cash problems by releasing stock at an unprecedented rate—a move that has contributed to the low level of demand for oil produced by the Organisation of Petroleum Exporting Countries.

This destocking process is now coming to an end. The Royal Dutch/Shell Group has called a halt to its programme which released an estimated 50m barrels of oil worth over \$1.5bn. British Petroleum has reduced stocks by over 60m barrels, oil estimated to be worth over \$2bn.

"We are down to a position where we no longer have an active destocking programme," commented Mr David Simon, deputy managing director of BP Oil International. Any further reduction in stocks would arise from a contraction, or restructuring, of the group's oil products business.



Chris Walker

There is every prospect that BP's activities—and those of the other majors—will be further confined and re-shaped in the coming months.

Several common threads run through the measures now being adopted by the five big American companies: Exxon, Texaco, Standard Oil of California (Socal), Mobil and Gulf. In most cases, earlier 1982 capital budget programmes are being slashed; for example Mobil has lopped \$1.5bn from its original \$5.9bn budget and Socal is finding ways of reducing its \$5.8bn spending programme by at least \$1bn.

"The first \$500m reduction is not too hard," said Mr George Keller, chairman of Socal. "It is the second \$500m which is harder—when you have to defer projects which meet every corporate standard. The problem is what opportunities do we drop and what opportunities do we defer."

While the American companies are continuing to plough substantial funds into domestic oil and gas exploration and development, they are in general holding back on alternative energy programmes, and non-energy investment.

The fad for using oil profits to diversify into minerals and coal is fast waning. The international coal business is not growing as fast as once expected — British Petroleum has just closed down two Australian mines because of low demand — and the base metals market is in a state of deep depression. In real terms copper prices are at their lowest level for about 30 years.

Companies which recently indulged in large-scale minerals acquisitions — BP with Selection Trust, Standard Oil of Ohio with Kennecott, and Atlantic Richfield with Anaconda — are currently receiving poor reward for their investment.

In retrospect, Socal is very pleased its \$4.3bn offer to acquire the 80 per cent it does not own in AMAX was rejected by the metals and minerals company. According to Mr Keller there has been an important change in the way oil companies view prospective mineral acquisitions.

"There is now a recognition that we should not be paying the kind of huge premiums we have been paying in such diversifications." But he does not believe oil companies should turn their back on diversification prospects: "We have technical and managerial talents we could use in various industries. Our industry is not an expanding one. The question is whether we remain a fixed-sized competitive utility or involve ourselves in a new area."

Sir Peter Baxendell, head of the Royal Dutch/Shell Group — the biggest of the European oil corporations — takes a different view. "You must not go out on a limb on the acquisition trail," said Sir Peter, chairman of Shell Transport and Trading, the UK arm of the Anglo-Dutch group, and chairman of the group's committee of managing directors.

"If we were to acquire something totally unrelated to our business we might well upset our shareholders. They could argue that if they wanted to invest in that particular business they could have done so, probably much more cheaply."

Sir Peter still sees prospects for expansion in the minerals business which, as an extractive industry, he regards as having synergy with oil, gas and coal interests.

However, Shell is currently devoting much time to making its refinery and petrochemicals operations slimmer and more profitable. Large-scale closures are in prospect at the group's major petrochemicals complex at Carrington, Cheshire, although the plant has just been reprieved from the immediate threat of shutdowns. On the other hand, Shell has reduced its Western European refinery capacity from around 120m tonnes a year to 98.1m tonnes in response to the slump in product demand over the past two years.

The fad for using oil profits to diversify into minerals and coal is fast waning

Shell, along with the rest of the industry, has still a good way to go to bring European refinery capacity into line with demand expectations. Latest industry estimates suggest that even after a recent spate of plant closures there remains about 850m tonnes a year of refinery capacity to meet an expected annual demand of between 450m and 550m tonnes in the mid-1980s.

British Petroleum, the Sister most heavily dependent on the European refinery industry, has been the most ruthless in the way that it has tackled its overcapacity problem. In the past year it has taken steps to cut its annual capacity from 104m tonnes to 75m tonnes. At least another 10m tonnes of BP capacity is likely to be taken out of service.

The closures so far announced should reduce BP's European refinery workforce from 31,000 to 26,000. A further 1,100 jobs are due to be shed through the contraction of the group's UK chemicals business, to be achieved largely through a rationalisation programme being undertaken with Imperial Chemical Industries. And a further 390 jobs are to be lost through the proposed closure of nine oil distribution terminals in the UK. Apart from all this, BP is shedding interests and companies not regarded as essential to its core business.

Mr Peter Walters, the new chairman of BP, has told staff that the reduction in the workforce will be "painful." But he was determined to make BP a "leaner, fitter company; one that is better placed to take advantage of firmer market conditions when they return."

BP is not only changing in size. Its corporate philosophy is also being redrafted. This is particularly evident in the downstream processing and marketing operations.

In the past BP, like so many companies, regarded itself as an integrated entity. Refineries, petrol stations and chemical plants were built as outlets for the oil and gas produced at the "upstream" end of the business. As long as a profit was made on the chain reaction that was fine. Now each link in the chain is being scrutinised and treated as a profit centre.

Gulf, the smallest of the Sisters, is also undergoing a fundamental change. It has been working hard at transforming itself from an international oil company into essentially a large domestic operation. In recent months it has been cutting back its European operations faster than any of the other U.S. majors. By the end of this year Gulf should have abandoned its European petrochemicals business.

Mr James Lee, Gulf's chairman, says that the company's foundation was, and would be, the U.S. oil and gas reserves. "So we're going to concentrate every corporate resources on replacing hydrocarbons we produce in the U.S." With this plan in mind Gulf has set about buying, for \$5bn, Cities Service, a large Oklahoma-based independent oil company.

The acquisition is being challenged by the Federal Trade Commission, concerned about possible anti-trust infringements in certain markets, including kerosene, jet fuel oil and petrol retailing in certain states. Although this is likely to delay the merger, Wall Street expects the marriage to be consummated once Gulf sheds those assets worrying the U.S. regulators.

Gulf's move bucks the general belt-tightening trend. Mobil appointed for a few months this year a corporate hatchet man to co-ordinate a major cost reduction programme which the company says has already reduced expenses by \$500m through budget trimming and personnel transfers.

By the end of this year Mobil's workforce should number 109,000, about 3,000 less than had been planned, said Mr John Flint, the corporate spokesman. In the past, he said, Mobil had been increasing its staff at the rate of 4,000 a year.

In a bid to boost sagging sales at American petrol pumps, Exxon has also been appealing to motorists, offering discounts for cash purchases and other "tempters" more in keeping with the practices of the U.S. airline industry and Detroit car makers.

Even Texaco, traditionally the stingiest of the Sisters, has been forced to offer a free certificates for a McDonald spare rib sandwich in order to entice more motorists to pull up at its pumps.

Texaco has also taken the lead in imposing a 3 per cent charge to its retailers on sales of petrol by credit cards. "It's quite ridiculous to give out credit like that," commented Mr John McKinley, the company's chairman. Once the only oil company to sell its petrol under its brand-name in every state of the union, Texaco has closed three U.S. refineries and dramatically cut back its retailing network in order to improve the efficiency of downstream operations.

Nevertheless, the Seven Sisters remain robust. Mr Clifton Garvin, chairman of Exxon, put their present plight into perspective when he talked to shareholders a few weeks ago. In the long term, he said, the demand for energy would continue to grow. But inevitably, from time to time the market would turn "sour."

"Today clearly is one of these down periods," he went on. "It is a time for more than ordinary prudence."

Men & Matters

Tebbit turned round

Conservative right-wingers, baulked of their prey among the peace-loving clergy by discouragement from the Palace and Downing Street, have turned on that other haven of pinko liberalism—television.

Some 60 Tory backbenchers have signed an early day motion which "condemns London Weekend Television for allowing itself to become a vehicle for the manufacture of political propaganda."

The alleged crime which has stirred this explosion is LWT's granting the Trades Union Congress the right to use, free of charge, excerpts from a January edition of Weekend World which featured an interview between Norman Tebbit, the Employment Secretary, and Brian Walden.

The TUC has shown adroitness in building the interview into a video show which is now being used in its campaign against the Tebbit Bill. The Tories think that LWT has breached the political impartiality which its charter from the Independent Broadcasting Authority enjoins upon it. They have called upon the company to withdraw permission for its use.

The row has barely ruffled the brushed denims down at LWT's Southbank headquarters. The company says it is policy to lend out material to any organisation, including any political party. It has received support in the matter from an unusual quarter—10 Labour MPs have tabled an amendment scrubbing out the critical parts in the Tories' motion.

I do not expect much to come of all this as demob-happy MPs come to the summer recess—not least because the protesting Tories would appear to be on shaky ground when objecting to the TUC showing an interview of a government minister to trade unionists.

Hair-raising

General Accident has been studying its statistics—and figures that a visit to the hairdresser these days is a lot riskier than it used to be.

In the old days, of course, it was just the scissors and the cut-throat razor you had to look out for. Since the "hair saloon" came into their own, however, all sorts of new-fangled machinery for crimping and curling have added to the potential risk.

General Accident has had so many claims from hairless, singed, and otherwise damaged clients that it has decided to introduce a special liability insurance for hairdressers and beauticians.

As an optional extra, the policy also covers mishaps in solaria, sun beds, sauna, Turkish baths and hydro-massage facilities. To their understandable dismay, some customers claim to have emerged from some of these treatments prematurely aged.

Troubles shared

Given the peculiarly Italian quality of the Banco Ambrosiano scandal it would have been out of character if yesterday's meeting in London of bewildered creditors and smouldering bankers had passed off smoothly. The Italian press joined the pin-striped hacks of the City, beat and chaos reigned.

The first meeting at the Tower Hotel was that of Banco Ambrosiano Overseas, the Nassau operation. It started at an indecently early hour for the City—8.30 am. Pierre Siegenthaler, the bank's president, refused to speak to the press, the 40 or so bankers attending remained tight-lipped, and outsiders were rigidly excluded.

Unfortunately for the Ambrosiano chiefs somebody had forgotten to turn off the microphones. The few journalists that had managed to get up early enough were able to hear everything that went on through the hotel loudspeaker system.

After lunch it was the turn of Banco Ambrosiano Holding, the Luxembourg subsidiary of the Ambrosiano group. Over 200 bankers filed into that meeting much to the surprise of Sr Arduinno, the Italian banking commissioner, who had imagined that only the agent banks would turn up.

The police had to be called to turn away the more zealous among the Italian journalists who tried to gatecrash the affair.

In the event most of the bankers that participated thought that the meeting had been of little use. No new information was given and the subsequent questions failed to elicit any fresh details about the whole mysterious affair.

Stamp swaps

The smaller Channel Islands have been casting envious glances at the money Guernsey is making out of its stamps.

Alderney and Sark, which come within the Guernsey bailiwick, not only use Guernsey stamps but are sometimes pictured on them too. So far they have made nothing out of them. But now Guernsey is to share its philatelic profits, which currently are running at about £2½m a year, with neighbouring isles.

Alderney broke the old system by threatening to run its own postal services. A compromise has been reached under which Guernsey will issue Alderney "regional" stamps and hand over the profits less an administrative charge.

Now work is well advanced on preparing a definitive set of 12 Alderney stamps for issue in June 1983.

When the residents of Sark heard about all these goings on with Alderney they asked Guernsey if they could have their own stamps as well.

However, the news that there are now to be Alderney as well as Guernsey and Jersey stamps coming out of the Channel Islands has not gone down well with collectors.

So Guernsey, anxious not to spoil a good thing by over-kill, invited the Sark representatives over to explain why stamps for an island of only 420 inhabitants might not be acceptable. Now Sark has settled for the cash instead. That will be a 1.5 per cent share of Guernsey's profits.

Palace gossip

Failing any further Fleet Street revelations about positive vetting and failed blackmail attempts it has fallen rather oddly to the Belgians to have the last word on the subject of palace intrusions and security.

A lengthy analysis in the country's leading newspaper Le Soir of the security net which protects King Baudoin and Queen Fabiola at their Laeken summer palace outside Brussels has warned potential intruders to beware.

The Queen "loves to chat," warns the court official. He goes on to remark that any intruder could be stuck with a two-hour discussion before she got around to ringing the alarm. "He would risk being unceremonious by the Queen's charm before being carried off by the gendarmes."

Well, it certainly sounds like Brussels.

Observer

POLITICS TODAY

The long road to 1985

By Malcolm Rutherford

The late Bertrand Russell: "We have been foolish, but there is no reason to go on being foolish for ever."

England, 1985

THE FUTURE arrived while nobody was looking.

As long ago as 1935 Bertrand Russell, in advocating the introduction of the four-hour working day, had written: "Modern methods of production have given us the possibility of ease and security for all; we have chosen, instead, to have overwork for some and starvation for the others. Hitherto we have continued to be as energetic as we were before there were machines; in this we have been foolish, but there is no reason to go on being foolish for ever."

Over the years, however, the political parties had tended to take a more Orwellian view of what was to come. It was not entirely that they were against the new technologies. At times they sought actively to encourage them. But Orwell's projections of 1984—the telescreen stuck in the wall, the microphone hidden in the thicket—still weighed heavily.

Only in the mid-1970s when a relatively obscure politician called Margaret Thatcher was elected to the leadership of the Conservative Party were there signs of change. It looked for a while as if the fear of "Big Brother is watching you" might give way to the more joyous doctrine of "Small is beautiful." Diversity, pluralism

More like the Tribune Group than the Tory Party at prayer

greater choice and leisure, an end to drudgery—all those delights became a possibility as the new technologies entered into everyday life.

Mrs Thatcher became Prime Minister in 1979, and for a time all went well. Conservatives on the whole accepted her attempts to rewrite party history to the effect that left-wing deviationism set in sometime during the mid-1950s and must be eradicated. In the country at large there was a feeling that, even if you did not like her, what she was doing in trying to reduce inflation and control public expenditure must be right. Before her, Mr James Callaghan had come to much the same conclusion.

The future was on her side, or should have been. It had been creeping up, of course, all along. But it was when it finally arrived in the early 1980s that things began to go wrong. The problem was that no-one was prepared for it.

It had been assumed under Mrs Thatcher's philosophy that market forces and the control of the money supply would ensure that the economy would look after itself, though it was admitted early on that the process would take rather longer than originally expected. Yet it did not happen that way.

The more productivity rose—in the private sector at least—the more unemployment increased. Nor did people adapt as might have been hoped: They did not take far more leisure, introduce work-sharing or a four-hour working day. Instead, there was a growing gap between those who were in work and those who were out of it.

In the spring of 1982 there was a distraction. For nearly three months the nation's attention was engrossed by the successful military expedition to the Falkland Islands. Sir Geoffrey Howe, the Chancellor of the Exchequer, went for weeks on end without having to make a major speech in the House of Commons.

When the war was over, however, thoughts returned to the economy. As a palliative to the unemployed, Sir Geoffrey offered a government subsidy to any firm which managed to split one job into two. Thus it was that the Tory Party went off for the summer in a state of incipient crisis. The measures were received more as an act of desperation than a sign of confidence.

It was not, of course, the Tory Party of old. Lord Hailsham had once written: "Conservatives do not believe that political struggle is the most important thing in life . . . The simplest among them prefer fox-hunting and the wisest religion." The fox-hunters were on their way out and, to judge by the comments on the Falklands Service in St Paul's, the party had developed a peculiar view of the Church. The Archbishop of Canterbury had preached in favour of peace on earth and was much condemned for his pains.

(To be fair, the Church of England had probably also changed, having become more like the Tribune Group than the Tory Party at prayer.)

In theory, the new party was much brighter, better educated, better informed, more dedicated, hard-working and meritocratic than anything that had gone before. Quite possibly, some of them did believe that political struggle was the most important thing in life. Most of the dissidents in Mrs Thatcher's Cabinet had long since been weeded out and no-one doubted that some of the Prime Minister's supporters would like to get rid of those who remained at the first opportunity.

On the outer, liberal circles of the party the word arditi had come into vogue—picked up from Denis Mack Smith's book on Mussolini. The arditi were free-booting ex-servicemen who predated the Fascists. The term was being used to describe some of those who wanted to move the Tory Party still further to the right.

The arditi of the whole kept off the economy, preferring such subjects as law and order and Northern Ireland. Thus the Cabinet's problem was rather different. Being well-educated people with trained minds, they were looking for evidence; and they were looking for evidence of economic recovery. Occasionally, they found it: for example, in the rise in housing starts or in the projections of the longer leading indicators buried away in the publications of the Central Statistical Office.

The trouble was that having focused their minds in advance on what they were looking for, they ignored the rest of the evidence which showed few indications that economic recovery was occurring. Unemployment continued to rise above what the Government had earlier thought would be a plateau of around 3m. There was very little sign of an increase in output. Indeed, when the Chancellor relaxed hire purchase controls in July—a measure which most people thought had disappeared with Selwyn Lloyd — there was renewed concern about the volume of imports. Despite North Sea oil, even the old problems had not gone away.

There was another peculiarity. The Government had said—Sir Geoffrey had repeated it in his 1982 budget—that it was working for industry. But when the CBI began to protest that the prospects for profitability, output, investment and jobs were getting worse, the Government held off. The idea of tripartite consultation between Government, the CBI and the TUC, favoured by the Chancellor, had nearly always been dismissed by the Prime Minister.

On the social side, there was very little comfort either. Very few of the young unemployed, who now had such abundant leisure time, had been educated to use it. Nor had the old and middle-aged, including the unemployed middle-aged company executives.

It was a whole new world, which none of them had expected to experience. The technological revolution had come: video tape recorders, even home computers were relatively cheap, but there was no obvious application for them. The distinction remained between those who had a job and those who did not. Some people continued to work long hours and others could find no employment at all. It was very difficult indeed to argue that there was a fairer or more harmonious society than a decade or two before, in spite of all the technological and scientific advances and all the possibilities of change for the better.

Looking back from 1985, it would be unfair to blame too many of the problems on the Tory Government of the time. Some of them were cumulative over the years and perhaps what was generally described as national decline was a conscious choice by the people: they did not want to compete too hard except in extreme circumstances, like war. They could have organised themselves better if they had wanted to.

It was also true that by the early 1980s other countries were facing similar difficulties, some of them without the cushion of indigenous oil and gas. Probably none of them realised in advance the extent of the competition from the Nics (newly industrialised countries). It was an entirely new challenge to what had been considered as a fairly liberal economic order. (There was a peculiarly British outcry when it turned out that one of the ships lost in the Falklands crisis might have been replaced by a yard in South Korea.)

Where the Government could be blamed was in taking too narrowly an economic view. The education policies of the Thatcher administration were obscure and seemed designed to secure cuts at any price. There was very little attempt to explain the potential benefits of technological and social change to the electorate, nor to alleviate their possibly unpleasant, but transient, social effects. The model was almost purely economic, not social. The Government pressed on with its original course, when wisdom would have advised caution.

Politically, however, the Tories still had one compensation: the disarray of the other parties. The Social Democratic Party—Liberal Alliance had failed to fulfil its earlier promise and not only because of the Falklands. There were two other factors.

One was the continuing rivalry between Dr David Owen and Mr Roy Jenkins over the SDP leadership. Dr Owen did not want to cement the Alliance with the Liberals, whereas Mr Jenkins thought that the establishment of the Alliance was the only possible way to win the general election. The other was that it was still not clear what the SDP stood for.

The Labour Party, which should have been leading the opinion polls hands down, re-

A peculiarly British outcry about replacing a ship

mained stuck with its own internal problems, perhaps even more so. Some of Mr Michael Foot's once most loyal supporters were canvassing that he should go.

And so in that sultry summer of 1982, in which it seemed that almost anything could happen, Parliament went into recess. The only conclusions that could properly be drawn by anyone writing at the time were that the economy had not recovered and that the political consequences were unpredictable. Instinct suggested that the underlying trend of the opinion polls was 30-30-30 for the Tories, Labour and the Alliance.

Lombard

A service wave rolls over us

By Nicholas Colchester

A NATION cannot eat machinery. To sell machinery abroad for imported food is to court the risk of blockade and to create unemployment on the land. A country needs a substantial agricultural base for its economy.

Such arguments were marshalled against the industrialisation of Britain in the 1830s. The new wave seemed to take too much for granted — too much labour mobility, too much social change, too much peace, too much interdependence between countries. Yet in the end it proved unstoppable.

Many people today have the same instinctive reservations about the emergence of the service sector as the main source of employment in the British economy. Jobs in advertising, in banking, in television, in retailing, in the bureaucracy of government do not seem to be "real" jobs. They do not seem to lay the basis for wealth but merely to take advantage of whatever wealth is already there.

The table with this article shows how the distribution of jobs in Britain changed over the decade of the seventies. The proportion in agriculture barely altered at a level—1.65 per cent—which would have left the doubters of 1830 ashen-faced. The average over the rest of the EEC in 1980 was about 8 per cent.

The striking points are the way employment in manufacturing industry fell from 39 per cent to 30 per cent over the decade, while employment in all services rose from 50 per cent to 59 per cent. The manufacturing figures do not reflect the cruel shake-out of industry under the present Conservative Government. At a guess, the proportion employed today in UK manufacturing businesses is down to about 27 per cent.

Yet John Atkin, the economist in London of Citibank, has broken down the ballooning service sector in a way which emphasises the potential behind this great change. He notes that transport and communications, the distributive sector (retailing, wholesaling) and government services (local and national) have not contributed greatly to the service sector's rising share of employment. And while the public sector's share of employment has gone from 31.5 per cent to 35 per cent, this public employment stretches across all categories of work and is not purely a service sector phenomenon.

The real growth in the share of service employment has occurred in what Atkin calls "tradeable services" where the figure moved up from 19 per cent to over 26 per cent during the decade. Such services include insurance, banking, consultancy, design, scientific services, the professions, the hotel trade; their common denominator is that they are capable of earning the UK foreign currency, and thus of paying part of the British import bill.

The UK must certainly embrace new technology and make its remaining industry more efficient. Yet the Atkin figures suggest that it will be as short-sighted to swim against the service tide, as it would have been to have swum against the tide of industry a century-and-a-half ago. Britain will inevitably become dependent upon foreign goods, as it already is upon foreign agriculture. Export sales of services will be vital to pay for both.

The morals are these: A "tradeable" service job is as valuable to the economy as an industrial job. Cultural diplomacy will probably make an increasing contribution to trade diplomacy, because of the greater relevance of language and education to service exports. The cause of freer trade in services is not an abstract ideal, but is crucial to the future of UK employment and the balance of payments.

PERCENTAGE OF UK EMPLOYMENT

	1970	1980
Agriculture & Fishery	1.65	1.64
Mining	1.85	1.55
Manufacturing	38.95	30.36
Utilities	1.71	1.53
Construction	5.90	5.58
Services	49.94	59.34
"Tradeable"	19.38	26.15
Distributive	11.83	12.42
Transport	6.99	6.72
Government admin.	6.21	7.01
Miscellaneous	5.53	7.04

Letters to the Editor

Regulating British Telecom

From Mr Thomas Sharpe

Sir,—I do not write in a hostile spirit but there is one feature of the Government's plans for British Telecom which puzzles me and on which the White Paper sheds little light. I refer to the establishment of a new Office of Telecommunications to be "modelled on the Office of Fair Trading."

It is plain that BT plc will dominate the British market for some time but it is hard to see what comfort "suppliers, customers, competitors, employees and investors" will receive from a new regulatory agency with, essentially, one client. If there are fears that BT plc will abuse its dominant position surely the Office of Fair Trading possesses the powers and expertise to handle any such abuse. Moreover, no new agency will displace the EEC jurisdiction under Articles 85 and 86.

I think there is more to this than a narrow institutional point. If the Government proposes to privatise hitherto "natural" monopolies, are we to expect that each should be governed by a similar regulatory agency? The logic of privatisation surely leads to the conclusion that the ordinary competition rules should apply to the sector in question. If this is in fact what the Government proposes then one agency is better than two. If, on the other hand, the Government intends that a different standard of behaviour should apply to telecommunications, then perhaps somebody should say so.

The extensive American experience of regulatory agencies and the recent and gradual move toward subjecting hitherto regulated sectors to ordinary competition rules point in favour of the Office of Fair Trading assuming sole responsibility for "fair competition and fair prices."

Thomas Sharpe.
Wolfson College,
Oxford.

Aircraft carriers still effective

From Mr David Wragg

Sir,—In his article, "Nato and the South Atlantic" (July 27), Ian Davidson made the common error of associating the modern aircraft carrier with the large American warships of the Nimitz-class when he stated that "Britain is never going to build the kind of giant carriers which could give a full panoply of early-warning and area defence . . ."

Aircraft carriers such as the old HMS Ark Royal and Eagle, less than half the size and manpower requirement of the USS Nimitz, could provide airborne early - warning, anti-submarine protection, area air defence and bomber support. If these ships had still been available during the Falklands operation, the use of RAF Vulcan bombers and the panic measures to make Nimrod maritime-reconnaissance aircraft available would have been unnecessary.

Also very much to the point, while carriers of the size of HMS Hermes could not operate Phantom fighters, they could, and did, operate airborne early-warning aircraft before the removal of arrester wires and other equipment designed to facilitate conventional fixed-wing aircraft.

Without decrying the possibilities of warships such as Invincible, or aircraft such as the Sea Harrier, the fact is that a larger class of warship could have been more cost-effective. Even now, all is not lost since airborne early-warning equipment can be, and has been, carried by helicopters, such as the Sikorsky S-58 of the 1950s.

While we do need an Army, Navy and an Air Force, I feel that our contribution to the Atlantic Alliance must be the mobility and professionalism of our armed forces, rather than leaving a substantial proportion tied down on Nato's Central Front.

David W. Wragg.
Lindos,
White Rose Lane,
Woking,
Surrey.

Shareholders' lack of gratitude

From Mr William Empson.

Sir, — Shareholders have always been known for the lack of interest they show in the companies they own but recent experience leads me to believe they are also an ungrateful breed.

Following the takeover of Associated Communications and the receipt of payment for my small holding in the company, I decided to write a letter of thanks to the two people who were responsible for obtaining 110p per share against the 66p which an inept board of directors accepted at the outset.

The two people were, of course, Mr Gerald Ronson of the Heron Corporation and Mr R. N. Quartano, chief executive of the Post Office Staff Pension Fund. What they said in reply was indeed revealing.

"It is extremely rare to get any word of thanks from those we have helped," said Mr Quartano, while Mr Ronson stated that out of 11,000 shareholders of ACC only two took the time and trouble to drop a note.

William T. Empson,
"Letheringsett,"
Barton Meadow, Pelynt,
Looe, Cornwall.

Fair advantage for owner-occupiers

From Mr Peter Hickman

Sir,—The suggestion that owner-occupiers who buy their houses with a mortgage receive an unfair advantage only puts right the unfair effect of town planning on the price of a house. That there should be some control on the release of land for development is not in question, but the effect in this country is that development land commands a premium which all but the most expensive houses are affected by.

It seems right, therefore, although it only compensates those who borrow money to buy their house, that if the State causes the price of houses to be greater than necessary, then it should give some relief to those people who have to borrow more money than they would otherwise need.

Peter Hickman.
14, Campden Hill Square,
Kensington, W8

Election at Lloyd's

From the Hon. Secretary, The Association of External Members of Lloyd's

Sir, — The committee of this association is anxious that the forthcoming election by the External Members for the eight places reserved for them on the new Lloyd's Council should be free and fair, and be seen by everyone to be so.

We were very concerned to learn, therefore, that the chairman of Lloyd's had enlisted the underwriting agents in the nomination process, inviting them to judge which of the External Members they happen to know "could make a valuable contribution to the deliberations of the council." What would happen after they had made those judgments was not vouchsafed. Speculation in regard to it cannot be reassuring.

This development naturally causes us serious misgivings about the influence the agents will exert on the election itself. We very much hope, therefore, that even at this late stage the Committee of Lloyd's will take all possible steps to ensure that the outcome of the External Members' election reflects the merits of the candidates, as revealed by the published information about them, and bears no trace of an election campaign mounted by agents in support of their favoured nominees.

The Underwriting Agents Association could also help to ensure that the External Members' election is carried out in a way that is beyond reproach by publicly advising their members not to canvass or act in any other way that might influence that election. We hope that they will do this without delay — and unequivocally.

Raymond Nottage.
c/o Brettenham House,
Lancaster Place, WC2.

Realism of the rail strike

From Mr A. Smeaton

Sir, — Your editorial of July 19 deserves some comment. In the wake of the rail strike you state that the TUC "needs to become more assertive" if it is to "persuade outsiders that it is not opposed to technological change, provided that there is some amelioration of the social and economic effects."

First, Aslef was not forced into strike action by the British Rail board because it was opposing technological change (eg. firemen would not have found their way on to diesel or electrical locos) but because a severe worsening in already poor conditions was to be imposed, in turn leading to job loss. Flexible rostering could apply, irrespective of the level of technology.

By your logic there was no justification for the TUC's realism. New technology is being accepted by British trade unions. It is clear that disputes are few and far between and those that do occur do so because the amelioration is inadequate.

Being gentlemen, it would be too crude to admit that flexible rostering is neither here nor there in achieving a modern, efficient railway. Given the Government's attitude to the public sector, the responsible Minister's inability to win the investment necessary for the industry, the board were forced to deliver Aslef on a plate, that being the only means of gaining the Government's support. Who needs Norman Tebbit with the TUC around?

A. Smeaton.
227, Onslow Drive, Glasgow.

UK COMPANY NEWS

Dixons Photographic lifts year's profit to £12.52m

Dixons Photographic managed to lift pre-tax profits in the 52 weeks to May 1 1982 from £10.75m to £12.52m, on sales up from £230.83m to £251.33m. The previous period was for 53 weeks.

A net final dividend of 2.4p is being recommended, taking the year's payout to 3.779p (3.49125p). Net earnings per 10p share are stated higher at 20.8p (17.4p).

Pre-tax profits for the 28 weeks to November 14 1981 were higher at £6.08m (£5.01m) on total sales of £137.66m (£115.23m). The directors stated then that they were confident of the group's expansion potential, although the pharmaceutical division had failed to improve.

Tax took £1.98m (same). Minorities amounted to £62,000 (£53,000) and there was an exchange gain of £2.51m (£1.24m loss). The year also saw an extraordinary debit of £1.03m (£609,000), which was mainly the costs from pharmaceutical closures and redundancies.

Dixons derived its profits from: retail division £6.02m (£4.78m); film processing £671,000 (£1.38m); pharmaceuticals division £441,000 loss (£17,000 profit); manufacturing £642,000 (£419,000); property investment and development £2.26m (£2.23m); overseas £3.36m (£1.94m).

● comment

Almost to a man the City's analysts undershot with their forecasts of Dixon's full year results and initially the share price rose to 183p before settling back to 176p, up 1p. Dismal figures from film processing and pharmaceuticals had been anticipated, both lost money in the second half due to price wars, but the results of the retailing operation were really quite baffling. Against the comparable period, just £2m extra of sales had produced £0.8m more of profits, and that despite the harsh winter which left many retailers wailing. The reason for this surprising performance was the quiet closure of Ascotts early in the year. Even now, the full extent of the losses at Ascott, selling professional audio visual equipment, are not admitted but it looks as if they could have been running around £½m in the closing half of 1980-81. So the latest results are not quite as impressive as they may at first appear and Dixons is taking a fairly cautious line on the current 12 months—profits might do no better than rise to £13m or so. With an historic fully taxed p/e of 14½ and yield of 3 per cent the price is now looking a little ahead of events and there might be more scope for capital appreciation elsewhere in the electricals retail sector.

Albion cuts losses to £0.37m

A REDUCTION in pre-tax losses has been produced by Albion for the six months to March 31 1982 with the deficit falling from £504,500 to £370,000. Turnover of this maker of men's outerwear slipped from £5.4m to £4.8m.

For the last full year, the company incurred higher pre-tax losses of £786,514 compared with £161,304. The directors stated that steps taken to streamline the group would stimulate a marked improvement in performance in the current year.

During the half-year under review, demand did not reach the levels anticipated, particularly in forward ordering of winter garments. Further cutbacks in production have, therefore, had to be implemented, mainly in Yorkshire.

In spite of the resulting costs which will be incurred in the second half, the directors expect that the loss for the year will still show an improvement on results for the previous year.

There is again no interim payment. The last payment was an interim of 0.6p in 1980.

There was no charge for tax this time—last time there was a credit of £121,500. Minority interests were reduced from £23,000 to £11,300. Attributable losses emerged at £358,700 (£360,000).

Property profits boost Fitch Lovell

SECOND-HALF pre-tax profits at Fitch Lovell rose from £4.83m to £6.11m, and figures for the full year to April 24 1982 improved from £9.19m to £10.33m. Sales of this food manufacturer, wholesaler and retailer rose from £651.43m to £739.49m for the year.

The final dividend is raised from 3.71p to 3.97p net for an improved total of 5.461p compared with 5.201p.

The pre-tax figure was given a boost by property profits, which increased from £2.39m to £3.43m. Interest charges were lower at £3.5m (£3.97m), but development and re-organisation expenditure including financing costs, was higher at £2.76m (£2.37m). Associates' share was up from £117,000 to £240,000.

The directors say the group's poultry interests were adversely affected by continuing difficulties in the chicken industry but towards the end of the year conditions improved. The development phase having been completed, salmon farming began to make a positive contribution.

Key Markets opened eight new stores during the year. Its stronger second half performance compensated for a difficult first half when the bulk of the new store costs arose.

Millers, Robirch and Jus-rol continued to make sound progress and did much to offset lower profits from canning operations. Lovell & Christmas achieved much improved results in the UK, with a full year's contribution from Joseph Stocks and a return to trading profit in dairy products in the second half year.

Its Canadian operations also reported an increased contribution. Blue Cap Frozen Foods continued its profits growth. The group's involvement in frozen food distribution has been significantly reinforced by the recent acquisition, for £3.5m, of Hedges Frozen Foods.

A breakdown of trading profits by division shows (in £000s): manufacturing, £5,945 (£6,651); wholesale and markets, £3,157 (£1,281); agriculture, fisheries and feed, £1,006 loss (£280 profit); retail, £6,449 (£5,773); other activities, £464 (£406).

Central costs amounted to £1.42m (£1.24m).

Tax for the year was substantially higher at £1.69m (£575,000). Earnings attributable to ordinary shareholders were marginally ahead at £8.61m compared with £8.58m. There were extraordinary debits of £613,000 (£1.1m) which include the costs of withdrawal from butter packing in December 1981 mitigated by disposals of the assets of the fruit and vegetable canning subsidiary, which have been more successful than anticipated.

After dividends of £3.64m (£3.39m), retained profits emerged at £4.35m compared with £4.1m. Stated earnings per 20p share were lower at 13.14p (13.61p).

On a CCA basis, pre-tax profits were £7m (£6m) and earnings per share 8p (8.6p).

See Lex

HIGHLIGHTS

Lex today looks at the market and the position of interest rates with the banks refraining from cutting their base rates any further. The column then goes on to look at ICI's interim report, which very firmly rules out any sign of an upturn in demand and shows pre-tax profits running along a plateau with a £10m rise to £145m for the first half of 1982. Lex also discusses Fitch Lovell's 12 per cent pre-tax advance to £10.3m for the year to April 24, and the way the group combines high distribution and capital expenditure with minimal retentions. Finally it examines the latest train of events at the troubled International Harvester, which is putting forward an ambitious restructuring plan following a forecast of $1bn losses this year.

Forging losses push F. Pratt deeper into the red at midway

A SHARP rise in pre-tax losses from £171,000 to £873,000 in the six months ended April 30 1982 is reported by the F. Pratt Engineering Corporation and shareholders are not getting an interim dividend. This result reflects a general lack of demand and in particular a loss of £631,000 in the forging division which the group has decided to dispose of.

Group turnover showed a drop from £11.04m to £7.28m.

In their report on the year 1980-81 (when a loss of £790,000 was recorded) the directors said that profitability of the forging division in the latter part of the year had been further hit by a fall in demand for aerospace and defence products. And they said that this factor was affecting forging performance in the early part of 1981-82.

The directors now report that "particular difficulties" have been experienced in the forging division. Various schemes for rationalisation have been considered but to be effective they would require a disproportionate use of the group's available resources.

They state that talks are at an advanced stage for the disposal of Omes—Faulkners, which represents the forging division. This will allow the group to concentrate its resources on the group's other engineering businesses which they feel will lead to substantially improved results.

With the expected cash injection and the group not having to support the losses of the forging operation, the directors say they expect that improved results will be achieved.

They stress, however, that the engineering industry is still operating in a deep recession and that a return to previous levels of profitability is dependent on recovery in this sector.

The half year's loss was struck after interest of £288,000 (£490,000) and depreciation of £286,000 (£259,000). There is no tax (£87,000 credit) and last time there was an extraordinary credit of £2.67m. Comparisons include the results of Hamblin and Wingate sold on March 30 1981.

Last year's dividends comprised an interim of 2.2p followed by a similar final.

● comment

F. Pratt is finding turnover more easy to achieve in the boardroom than on the production line. Yesterday's two resignations—one for age reasons—means that only two directors have been on the board for more than a year and a half. Turnover at £7.3m was 34 per cent down on the comparable period, with all parts of the business in the red. Pratt would be ahead of break-even point if six-month turnover was around the £12m mark, but there is no sign of it approaching that level, and the chairman's remarks in March about an improving order book now look distinctly premature. The forging division—which employs about 25 per cent of the workforce and made a loss of £631,000 in this period, is shortly to be disposed of, apparently for a "satisfactory price." It was only the £4.8m proceeds from the disposal of Hamblin & Wingate that "justified" Pratt's dividend pay-out last year. With gearing at about 40 per cent—up around 25 points from the year-end's figure—this year's dividend policy is going to reflect more accurately the trading prospects. At 57p, down 6p, Pratt is capitalised at £3.1m. The 600 Group holds about 27 per cent of the equity.

Interim raised at River and Mercantile

River and Mercantile Trust lifted pre-tax revenue in the six months to June 30 1982 from £1.21m to £1.36m, after expenses and interest payments up from £165,000 to £182,000.

The net interim dividend per 25p share is raised to 2.65p (2.5p) and earnings per share are stated higher at 3.77p (3.32p). Net asset value per ordinary share is put at 164.1p (180.85p).

Last year a final of 5p was paid from pre-tax revenue of £2.87m.

Tax for the six months took £428,000 (£391,000).

T & A OVERSEAS

A compulsory winding up order made on July 5 against T and A Overseas was rescinded by Mr Justice Nourse in the High Court and the petition dismissed.

The judge also rescinded a compulsory winding up order made on July 5 against the Eccles Repair Service Depot and adjourned the petition until October 11.

OFREX

Pre-tax profits of Ofrex Group amounted to £1.62m for the six months ended April 30 1982, compared with £1.85m for the previous 10 months. In yesterday's paper it was incorrectly stated that the comparative was for six months.

Prestige maintains dividend after 10% drop in profits at halfway

PRE-TAX profits at the Prestige Group for the six months to June 30 1982 were down by 10 per cent from £2.62m to £2.36m, on sales reduced from £31.3m to £27.27m.

The result reflects the lower level of consumer spending on household durables in the UK and in the majority of the group's European markets, Prestige says.

The net interim dividend is maintained at 2.5p per 25p share. Profits after tax are put at £1.32m (£1.49m).

The group, which manufactures and sells domestic housewares, paid a final dividend of 4.375p last year from pre-tax profits of £3.87m on total sales of £64.19m. In 1981 there was also an extraordinary debit of £351,000, comprising a £326,000 write-down to net of surplus land and buildings in Belgium and a net loss of £31,000 on the disposal of four subsidiaries.

Pre-tax profits on a current cost basis come through at £1.42m (£1.64m), having reached £4.53m for the whole of 1981.

● comment

It is perhaps indicative of how hard the domestic purse has been squeezed that even sales of the low cost kitchen items made by Prestige are flagging. And with half-time profits down by a tenth the group now stands very little chance of breaking away from the flat performance of recent years, as had been hoped at the beginning of 1982. The shares slipped back 6p to 168p yesterday for a yield of 6 per cent and fully taxed p/e of 9½. Even though the U.S. parent, American Home Products Corporation holding 74 per cent of the equity, is unlikely to make a play for the minority the shares look capable of holding their current level. The balance sheet is solid with more than £3m of cash and trading profits generally make gentle rather than violent movement either way. So shareholders can expect a safe, if rather unexciting, ride for their money.

Steinberg returns to profits

A TURNROUND of £1.05m to pre-tax profits of £218,000 has been produced by Steinberg Group for the year to March 27, 1982. Turnover of this maker of ladies clothing and handbags slipped from £29.07m to £27.43m.

At the interim stage, reduced losses of £97,000 were reported against £372,000, and the directors expected to make progress during 1982/83 both in Alexon business and with Marks and Spencer.

Dividend payments have been restored with a net final of 0.02p, which repeats last year's total, after this year's interim had been passed.

Earnings per 10p share were given as 2.73p against previous losses of 6.77p.

There was a credit for tax this time of £142,000 against a previous debit of £31,000, which left net profits this time of £360,000 compared with losses of £865,000.

Available profits were shown at £66,000 against losses last time of £1.31m.

C. T. Bowring ahead by 76%

Pre-tax profits for C. T. Bowring & Co. in the six months to June 30 1982 rose by 76 per cent from £10.9m to £19.2m on operating revenue up by 32 per cent from £33.9m to £45m. Total operating expenses were up from £26.2m to £30.7m, leaving operating profit up from £7.7m to £14.3m.

In July 1980 Bowring merged with the U.S. Marsh & McLennan Companies to form the world's largest insurance broking enterprise. Bowring chairman Mr Gilbert A. Cooke says that having completed that transition it is particularly pleasing to produce such good results in a difficult economic and insurance environment."

In the past 18 months Bowring's UK insurance operations have been reorganised into three distinct groups: Bowring UK, which is now a separate business; C. T. Bowring & Company (Insurance) which now operates as a wholesale insurance broker for direct coverage; and C. T. Bowring Reinsurance.

The international insurance broking operations, which were, the company says, particularly strong in Australia, New Zealand and South Africa, have been integrated into the activities of Marsh & McLennan. Consequently their profits are no longer included in the Bowring results.

In addition, several interests, principally Bowmaker, Singer & Friedlander and The Bowring Steamship Company, have been sold since the merger.

Equity in the operating profit of associates and unconsolidated subsidiaries totalled £5.1m (£2.2m). Other expenses came to £300,000 (income £100,000), and tax took £10.3m (£6m).

WEBER HLDGS.

Weber Holdings, the investment and property company, reports improved revenue of £98,504, compared with £86,952, in the six months ended June 30 1982, subject to tax of £44,329 (£41,068). Earnings per 50p share are stated at 11.65p (9.86p).

The interim dividend is unchanged at 5p net per share. The directors say that subject to unforeseen circumstances and any variations in interest rates, the total dividend will be maintained at 20p. Revenue before tax for 1981 amounted to £181,000.

ICI in 1982

First half year

The Board of Directors of Imperial Chemical Industries PLC announce the following unaudited trading results of the Group for the first half of 1982, with comparative figures for 1981.

1981 First Half £ millions	1981 Year £ millions		1982 First Half £ millions
		Sales to external customers	
		Chemicals:	
916	1,899	United Kingdom	1,008
1,789	3,851	Overseas	2,216
2,705	5,750		3,224
394	831	Oil	428
3,099	6,581	Total	3,652
135	335	**Profit before taxation**	145
		After providing for:	
153	348	*Depreciation*	195
−66	−111	Taxation	−46
69	224	**Profit after taxation**	99
−14	−32	Attributable to minorities	−13
55	192	**Profit attributable to Parent Company before extraordinary items**	86
—	−6	Extraordinary items	—
55	186	**Profit attributable to Parent Company after extraordinary items**	86
9.3p	32.3p	Earnings before extraordinary items per £1 Ordinary stock	14.5p

Group chemical sales in the first half of 1982 were £3,224m, an increase of £519m (19%) over the first half of 1981. The volume of sales increased by 4%; exchange effects and some price movements accounted for the remainder of the increase. Oil sales were £428m, an increase of £34m (9%).

In spite of the substantial increase in sales and continuing improvements in operating efficiency, the profit improvement was small. Group profit before tax in the first half of 1982 was £145m (£135m) including oil profits of £29m (£40m).

Group chemical sales in the second quarter were £1,641m, an increase of £58m (4%) over the first quarter of 1982 resulting solely from a seasonal increase in volume. Oil sales increased by £32m (16%) to £230m.

The f.o.b. value of chemical exports from the UK was £380m, an increase of 3% on the previous quarter (£368m). Oil exports increased from £13m to £20m.

Profit before tax in the second quarter was £83m, an improvement of £21m over the previous quarter (£62m) arising from the seasonal increase in sales. The world-wide recession continues and there is still no evidence of an upturn either at home or overseas.

While many parts of the business continue to do well there has been a sharp deterioration in the last six months in commodity chemicals and this has adversely affected the overall profitability of the Group which remains inadequate.

The Company's oil business produced trading profits of £17m in the quarter (first quarter 1982 £12m) after supplementary petroleum duty and petroleum revenue tax of £45m (first quarter 1982 £41m).

The following table summarises the sales to external customers and profits before tax by quarter:

	Chemical Sales	Oil Sales	Profit before Tax
1981	£m	£m	£m
1st Quarter	1,287	209	52
2nd Quarter	1,418	185	83
3rd Quarter	1,477	174	86
4th Quarter	1,568	263	114
Year	5,750	831	335
1982			
1st Quarter	1,583	198	62
2nd Quarter	1,641	230	83

The charge for taxation for the first half year of 1982 amounting to £46m (1981 £66m) consists of £10m of UK corporation tax (1981 £26m) and £36m taxation of overseas subsidiaries and principal associated companies (1981 £40m).

The following table shows the results on a CCA basis, prepared in accordance with the UK accounting standard. SSAP16.

1981 First Half £ millions	1981 Year £ millions		1982 First Half £ millions
		Profit before taxation –	
135	335	historical cost accounts	145
−74	−185	Supplementary depreciation	−88
−83	−171	Working capital adjustments	−26
40	88	Gearing adjustment	30
11	17	Other adjustments	15
		Profit before taxation –	
29	84	current cost accounts	76
−66	−111	Taxation	−46
−37	−27	**Profit/Loss after taxation**	30
−5	−14	Attributable to minorities	−5
		Profit/Loss attributable to Parent	
−42	−41	**Company before extraordinary items**	25
—	−6	Extraordinary items	—
		Profit/Loss attributable to Parent	
−42	−47	**Company after extraordinary items**	25
−7.1p	−6.9p	Earnings before extraordinary items per £1 Ordinary stock	4.2p

Interim Dividend for 1982

The Board has declared an interim dividend of 9.0 pence (nine point nought pence) per £1 unit of Ordinary stock of the Company in respect of the year 1982 (1981 9.0 pence). This together with the imputed tax credit of 3.86 pence is equivalent to a gross dividend of 12.86 pence (1981 12.86 pence).

The interim dividend now declared will absorb £54m and is payable on 8 October 1982 to Ordinary stockholders registered in the books of the Company on 27 August 1982.

Trading Results for first nine months of 1982 will be announced on Thursday 28 October 1982.

Imperial Chemical Industries PLC

Celtic Haven swings back

A SWING back into the black with profits of £403,000 against losses of £93,000 is reported by Celtic Haven, the West Wales engineer and steel fabricator, for the year to March 31 1982. Turnover rose from £1.5m to £2.5m. The final dividend is raised from 0.25p to 0.5p net for a total of 0.75p against 0.25p.

The upturn was seen in the first half when pre-tax profits were £188,812 compared with losses of £77,778.

Barn Lake Engineering contributed profits of £364,145 before tax of £103,085. This subsidiary continues to trade profitably at present, although, in common with similar companies, will go through a difficult period before further major developments take place in the area of its operations.

In view of this, the directors anticipate profits in the current period will be at a level considerably lower than those now reported. The board, meanwhile, continues to examine possible opportunities for group development.

Group tax was £100,000 against a credit of £37,000. There was a nil transfer from capital reserve against £105,000, and last year there was also £208,000 goodwill written off. Extraordinary credits last time came to £214,000. Stated earnings per 5p share were 6.1p against losses of 1.1p. On a CCA basis, pre-tax profits were £364,000.

P.H. Inds. beats forecast

PRE-TAX profits at P.H. Industrials, formerly Dhamai Holdings, were £318,121 in the 16 months to April 30 1982, exceeding the forecast of £261,000 made in the prospectus earlier this year. Profits in the previous 12 months were £17,975. Turnover of this industrial holding company for the 16 months was £1.57m.

The recommended dividend is 3.5p net, as forecast. Tax charged was £99,714 (£8,596 for 12 months) and attributable profit was £218,407 (£9,379). Stated earnings per 25p share were 11.2p (1.1p). (The earnings per share have been re-calculated in respect of the accounts for the year to December 31 1980 as if the shares had been sub-divided into ordinary shares of 25p each at that time.)

The figures incorporate the results of Platonoff and Harris for the year to April 30 1982, although this subsidiary was not acquired until March 5. The board considers that it would be misleading in interpreting the results of the group to adjust the above figures by the amount of the pre-acquisition profits of the subsidiary which have been charged directly to reserves.

Platonoff, manufacturer of high quality joinery and specialist shopfitting, recently completed the purchase of additional factory premises adjacent to its existing premises in Cambridge and it is confidently expected that this will enable the company to develop and expand its production.

On a CCA basis, operating profits were £317,227 (£17,975 for 12 months).

Kellock Trust is 'satisfactory'

Following the sale of a subsidiary, Kellock Factors, to the Bank of Scotland, Kellock Trust, recourse factor, has produced more than doubled pre-tax profits from £100,990 to £240,866. Mr J. K. Laurence says that about £65,000 of the increase came from the proceeds of the sale.

Turnover moved ahead by £7.58m to £31.68m.

Mr Laurence says that the interim result is "satisfactory." However, the economic recession continues to affect clients, he says, although the number of new clients taken on in the period has met expectations.

Part of the sale proceeds from the disposal of Kellock Factors, amounting to £880,000, has been used to repay the 12.75 per cent cumulative preference shares following the capital reduction on May 14. All future profits after tax are therefore available for distribution to ordinary and convertible preference shareholders.

Stated earnings per 5p share are given as 0.18p, against 0.15p.

Associated Tooling is unchanged

A modest increase from £199,000 to £202,000 in pre-tax profits is reported by Associated Tooling Industries, engineer, for the year to February 28 1982. Turnover fell, however, from £1.06m to £812,000. At the half-way stage, pre-tax profits had increased from £90,87 to £92,358.

The final dividend is unchanged at 2.26p for a same-again total of 4.06p net.

The directors say profits for the current financial year are showing a marked improvement.

Tax for the year was lower at £71,000 (£79,000). Last year there was an extraordinary debit of £22,000. Stated earnings per 25p share rose from 6.9p to 7.5p. On a CCA basis, pre-tax profits were £111,000 (£110,000).

HOWARD MACHINERY PLC

GROUP RESULTS FOR THE HALF-YEAR ENDED APRIL, 1982

	6 Months April 1982 £000	6 Months April 1981 £000	12 Months Oct. 1981 £000
SALES	22,009	19,989	44,122
PROFIT BEFORE INTEREST	487	232	2,384
Interest	944	1,142	2,133
OPERATING PROFIT (LOSS)	(457)	(910)	251
Associated companies	(62)	(24)	(173)
PROFIT (LOSS) BEFORE TAX	(519)	(934)	78

NOTES:

1. The prolonged recession in North America and the effect of low commodity prices on certain southern hemisphere markets adversely affected sales in those territories. Demand within most agricultural machinery markets remains low. However, the group's trading performance in Europe has continued to improve, despite difficult conditions. Cost reduction and profit improvement programmes continue.
2. No interim dividend is to be paid in respect of this period.

HOWARD

Oxford House, Oxford Street, Newbury, Berks. RG13 1JB

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB   Telephone 01-621 1212

1981-82 High	1981-82 Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
125	120	Ass. Brit. Ind. Ord.	125	—	6.4	5.1	11.4	14.0
135	100	Ass. Brit. Ind. CULS	135	—	10.0	7.4	—	—
75	62	Airsprung Group	71	—	6.1	8.6	8.1	13.9
51	33	Armitage & Rhodes	43	—	4.3	10.0	3.8	8.1
228	187	Bardon Hill	228	—	11.4	5.0	9.6	12.1
112	100	CCL 11pc Conv. Pref.	112	—	15.7	14.0	—	—
265	240	Cindico Group	265	—	26.4	10.0	10.7	12.0
104	60	Deborah Services	65	—	6.0	9.2	3.2	5.7
135	97	Frank Horsell	135	—	7.9	5.8	6.7	6.1
83	39	Frederick Parker	72	—	6.4	8.9	3.7	7.0
78	46	George Blair	53	—	—	—	—	—
102	93	Ind. Precision Castings	98	—	7.3	7.4	7.1	10.7
112	100	Isis Conv. Pref.	112	—	15.7	14.0	—	—
113	94	Jackson Group	107	—	7.5	7.0	3.3	6.8
130	108	James Burrough	126	—	9.6	7.6	9.2	10.2
334	212	Robert Jenkins	212	—	20.0	9.4	2.3	33.7
82	51	Scruttons "A"	82	—	5.7	7.0	10.6	12.8
222	153	Torday & Carlisle	153	—	11.4	7.5	6.9	11.8
44	23	Unilock Holdings	23	—	3.0	13.0	4.1	7.0
103	73	Walter Alexander	84	—	6.4	7.8	5.5	9.8
263	212	W. S. Yeates	250	—	14.5	5.8	6.5	13.1

Prices now available on Prestel page 48146.

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هكذا من الاصل

Sales gain fails to move ICI 2nd quarter profit

DESPITE AN increase in sales from £1.6m to £1.87m and better operating efficiency, pre-tax profits of Imperial Chemical Industries were static at £83m in the second quarter of 1982, although showing a rise of £21m on the result for the first three months. This gives the group a first-half total ahead from £135m to £145m, including an £11m drop in oil profits to £29m.

The directors state that the worldwide recession continues and there is still no evidence of an upturn either at home or overseas.

While many parts of the business continue to do well, there has been a sharp deterioration in the past six months in commodity chemicals and this adversely affected the overall profitability of the group which remains inadequate, they state.

Shareholders are getting an unchanged interim dividend of 9p net per £1 share, which absorbs £54m. The total for 1981 was 19p, paid from profits of £335m.

The directors report that group chemical sales in the first half of 1982 showed an increase of 19 per cent at £3.22bn. This represented a volume increase of 4 per cent, with exchange effects and some price movement accounting for the remainder of the increase. Oil sales gained 9 per cent to £428m.

Group chemical sales in the second quarter were 4 per cent above the first three months resulting solely from a seasonal increase in volume. Oil sales went up by £32m to £230m. The fob value of chemical exports from the UK was £380m, an increase of 3 per cent on the previous quarter's £368m. Oil exports increased by 16 per cent to £20m.

The group's oil business produced trading profits of £17m in the second quarter compared with £12m in the first, and this was struck after supplementary petroleum duty and petroleum revenue tax of £45m (£41m first quarter).

The first half profit was struck after depreciation of £195m (£153m). Providing for tax of £46m (£66m) and allowing for minorities of £13m (£14m), the attributable balance comes through at £86m (£55m), giving earnings per share of 14.5p (9.3p).

The tax charge for the first half year consists of £10m of UK corporation tax (£26m), and £36m (£40m) tax of overseas subsidiaries and principal associates.

Results prepared on a current cost basis show pre-tax profits of £76m (£29m) and attributable profits of £25m (£42m loss).

See Lex

Profits up at John I. Jacobs

IN THE six months to June 30 1982, shipbrokers John I. Jacobs lifted pre-tax profits from £630,000 to £680,000, on turnover reduced from £817,000 to £723,000. The net interim dividend per 20p share is maintained at 0.7p and net earnings per share are stated at 1.83p, up from 1.55p midway last year.

Trading profit fell to £1,000 (£124,000), but investment income and interest receivable was ahead to £444,000 (£434,000), while profit on the realisation of investments came to £66,000 (£129,000).

Release of provision for diminution in the value of listed investments provided £84,000 (debit £59,000), and the share of profits from an associated company came to £99,000 (£37,000). After tax of £258,000 (£272,000), available profits amounted to £422,000 (£358,000).

Pre-tax profits for the whole of 1981 were £911,000, on turnover of £1.32m. The directors say the final dividend for the current year will be not less than the 1.6p paid last year.

Howard Machinery trims losses in opening half

PRE-TAX losses at Howard Machinery have been reduced from £934,000 to £519,000 in the six months to April 30 1982. Turnover of this manufacturer of farm equipment improved from £19.99m to £22.01m. No interim dividend is again being paid.

The directors say the prolonged recession in North America and the effect of low commodity prices in certain southern hemisphere markets adversely affected sales in those territories.

Demand within most agricultural machinery markets remains low. However, they say the group's trading performance in Europe has continued to improve, despite difficult conditions. Cost reduction and profit improvement programmes continue.

The pre-tax figure was struck after interest charges down from £1.14m to £944,000 and associates' losses of £82,000 (£24,000).

● comment

Two years ago Howard Machinery staggered on the brink with bank overdraft exceeding shareholders' funds and share price plunging to 9p as losses soared. Massive cutbacks, particularly in its UK base, where the workforce is down from 2,000 to around 500, brought gearing down to about 60 per cent by the end of last year and stocks had been reduced. The group has now been able to swing away from the defensive. A number of promising new product lines are being introduced and the company is even talking of having ambitions in the currently recession-hit U.S. market. For the moment with Australasian profits showing a downturn hopes lie in the UK and the rest of Europe, where the harvesting weather over the next three crucial selling months will be vital to the fulltime outcome. Borrowings are seasonally high but lower working capital needs and two unwanted factories up for sale with a £2m plus price tag—negotiations on one are underway—could help further reduce gearing. Some more fine tuning will be necessary to boost margins but the group is quietly confident it is well on the mend provided there is no serious deterioration in already depressed demand. The Hayters stake and useful trading links are unlikely to add anything more substantial in the short term but predator rumours persist. However all the question marks left the share price 1p down at 21p yesterday.

JOHNSON GROUP

Hoare, Govett, official broker to Sunlight Service Group, has purchased on behalf of discretionary clients 50,000 Johnson Group ordinary shares at 284p and 50,000 at 279p.

Jarvis moves ahead to £863,000

AN INCREASE in pre-tax profits was shown at J. Jarvis and Sons from £701,000 to a record £863,000 for the 12 months to March 31 1982. Turnover slipped from £29.46m to £23.93m for this building and civil engineering contractor.

At the halfway stage profits were just ahead at £275,096 against £245,000 on sales of £13.15m (£14.95m).

The final dividend is lifted from 7.2p net to 8.3p, which raises the total from 13.2p to 15p.

Earnings per 25p share are shown to be up from 44.88p to 49.85p.

The tax charge rose from £241,000 to £365,000 which left attributable profits higher at £511,000, against £460,000. There was a corporation tax adjustment for the previous year of £22,000 (£1,000).

On a current cost basis profits were little changed at £862,000 (£702,000).

Improved halftime results from Plastic

Improved pre-tax profits of £69,295 against £61,203 are shown by Plastic Constructions for the six months to March 31 1982. Turnover declined slightly from £4.72m to £4.64m for this supplier of anti-pollution and corrosion resistant equipment.

In the last full year profits amounted to £134,210 on turnover of £9.06m. In their last statement the directors said that the company was in an excellent position to improve profits when economic signals changed. In the meantime, they said, the company was making an effort to improve turnover for the second half.

They say in their interim statement that the steps taken to improve efficiency and profitability are showing positive results, the benefits of which are continuing into the current period.

The first six months produced improved profits, they say, at a time of continued national recession and an exceptionally severe winter.

In March this year the investment in the Associate Plastco was sold for £125,000. The cost of the investment was £35,170, which gave a profit on the sale of £89,830. However, the calculation of the profit for the accounts is based on the value as stated at September 30 1981, and is shown as an extraordinary credit this time of £48,487.

The interim dividend is unchanged at 0.836p. Last year's total was 2.1p. Earnings per 10p share for the period under review are given as 1.47p (1.29p).

Dividends absorbed £27,232 (£27,127) after waivers of £12,279 (£12,384).

There was again no provision for tax. After the extraordinary credit net profits emerged higher at £117,782 compared with £61,203.

Portsmouth & Sunderland expansion

For the 13 weeks to June 26 1982 Portsmouth and Sunderland Newspapers produced higher pre-tax profits at £851,000 compared with £736,000. Turnover for the period moved ahead from £6.14m to £7.24m.

In the last full year a total net dividend of 3.5p was paid from pre-tax profits of £3.1m on turnover of £26.58m.

Pre-tax profits included income from investments of £12,000 (£15,000) and interest on short term deposits of £128,000 (£159,000).

The reduced tax charge of £193,000, against £304,000, included a transfer to deferred tax of £18,000 (£22,000).

Extraordinary credits this time of £19,000 arose on the sale of goodwill in retail shops.

Attributable earnings emerged higher at £677,000, compared with £432,000 which gave earnings per 25p share stated at 5.5p (3.6p).

On a current cost basis pre-tax profits were £473,000 (£434,000) and earnings per share were 2.3p (1.1p).

Edwardes to resume post of chairman at Chloride

The non-executive deputy chairman of Chloride Group, Sir Michael Edwardes, and the non-executive chairman, Sir Alastair Pilkington, are to exchange posts, it was announced yesterday at the Chloride agm.

Sir Michael, who was chief executive of Chloride before becoming chairman of British Leyland, will take up his position at Chloride between now and January 1983, when he is to leave BL, said Sir Alistair.

Referring to the management changes at Chloride in 1981-82, Sir Alistair said: "I had many very unpleasant things to do. It was a blow when BL took Sir Michael from us—there was no structured succession."

Sir Alistair said that Chloride's performance in the first quarter of the current year was "on its budgeted course." He added that the £6.25m proceeds of the sale of Chloride Gent, announced on Wednesday, "would be used to reduce borrowings."

Sir Alistair said that research and development expenditure would be maintained "in cash terms."

RESULTS AND ACCOUNTS IN BRIEF

HAROLD INGRAM (manufacture and marketing of knitted garments)—Results for year to April 30 1982. Pre-tax loss £32,854 (£215,214); tax credit £168,249 (£86,508); no dividend (nil); loss per 10p share 10p (3.5p); net assets per share 65p (79.7p). Chairman, Harold Ingrams, says company is still in a liquid position and has not had to resort to bank borrowings.

ST. ANDREW TRUST—Results for half year to June 30 1982: investment income £576,000 (£640,000), pre-tax income £600,000 (£578,000), tax £221,000 (£207,0), earnings per 25p share 3.21p (3.13p), interim dividend 2.5p (same) net. Net asset value per share, 198.7p (212.8p) after prior charges at par and 22.8p (217.2p) at market value. Almost 20 per cent of company's assets have been sold and reinvested following new policy of investing in companies with smaller market capitalisations.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assoc Tooling	2.26	Sept 16	2.26	4.06	4.06
Celtic Haven	0.5	—	0.25	0.75	0.25
Dixons Photographic	2.4	Oct 15	2.18	3.78	3.49
Fitch Lovell	3.97	Oct 1	3.71	5.46	5.2
ICI int	9	Oct 8	9	—	19
John I. Jacobs int	0.7	Oct 20	0.7	—	2.3
J. Jarvis and Sons	8.3	—	7.2	15	13.2
PH Industrials	3.5	—	—	—	—
Plastic Constructions int	0.84	Sept 20	0.84	—	2.1
F. Pratt int	nil	—	2.2	—	4.4
Prestige Group int	2.5	Aug 30	2.5	—	6.88
River and Mercantile int	2.65	Oct 1	2.5	—	7.5
River Plate and Gnl int	1.4	Sept 4	1.25	—	5.5
Singlo	0.6	Oct 1	0.4	1.38	1.18
Stavert Zigomala	6.3	Oct 4	6.3	6.3	6.3
Steinberg	0.02	Sept 17	0.01	0.02	0.02
Weber Hldgs int	5	Oct 18	5	—	20
Wyndham Eng	1	Oct 14	1.75	1	1.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

LONDON TRADED OPTIONS

July 29 Total Contracts 1,780 Calls 1,255 Puts 525

Option	Ex'rcise price	Oct Closing offer	Oct Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	260	20	56	30	1	40	20	262p
BP (c)	280	11	29	20	—	26	2	"
BP (c)	300	6	25	12	—	—	—	"
BP (p)	260	13	7	15	—	20	—	"
BP (p)	280	26	3	32	3	36	—	"
CU (c)	140	10	124	15	4	19	—	159p
CU (c)	160	4	24	6	32	8	10	"
CU (p)	150	5	10	10	—	13	—	"
CU (p)	140	10	3	13	25	17	—	"
Cons. Gld (c)	360	45	2	57	—	—	—	394p
Cons. Gld (c)	390	22	47	35	—	42	—	"
Cons. Gld (c)	420	9	14	19	—	28	—	"
Cons. Gld (c)	460	4	2	—	—	—	—	"
Cons. Gld (p)	360	13	1	24	—	—	—	"
Cons. Gld (p)	390	26	10	40	—	45	—	"
Cons. Gld (p)	420	44	—	52	5	62	5	"
Ctlds. (c)	70	16	12	19	1	—	—	82p
Ctlds. (c)	80	7½	2	12	10	14	5	"
Ctlds. (c)	90	3	18	6	9	8	—	"
Ctlds. (p)	80	5	10	7	1	9	5	"
Ctlds. (p)	90	11	10	13	10	15	10	"
GEC (c)	850	260	6	293	—	—	—	£11
GEC (c)	900	210	—	243	2	—	—	"
GEC (c)	950	160	2	193	—	—	—	"
GEC (c)	1000	113	28	143	—	180	—	"
GEC (c)	1100	40	51	80	3	115	7	"
GEC (p)	950	8	10	13	—	—	—	"
GEC (p)	1000	12	5	20	—	30	5	"
GEC (p)	1100	48	28	55	10	70	—	"
Gr'd Met. (c)	200	51	—	56	2	—	—	247p
Gr'd Met. (c)	214	37	—	41	2	—	—	"
Gr'd Met. (c)	220	32	1	37	—	—	—	"
Gr'd Met. (c)	240	16	4	22	—	25	5	"
Gr'd Met. (c)	260	8	4	14	—	18	—	"
Gr'd Met. (p)	200	3	—	3	10	—	—	"
Gr'd Met. (p)	220	5	—	7	1	—	—	"
Gr'd Met. (p)	240	10	7	14	—	16	—	"
Gr'd Met. (p)	260	31	1	24	—	27	—	"
ICI (c)	280	26	5	32	—	38	4	296p
ICI (c)	300	11	251	22	12	28	—	"
ICI (c)	330	5	25	11	1	14	—	"
ICI (c)	360	2	9	—	—	—	—	"
ICI (p)	280	7	10	9	20	14	25	"
ICI (p)	300	16	75	26	4	28	4	"
ICI (p)	330	42	7	46	10	48	11	"
ICI (p)	360	72	10	—	—	—	—	"
Land Sec. (c)	280	19	6	30	—	36	—	285p
Land Sec. (c)	300	11	9	19	1	27	—	"
Mks & Sp. (c)	130	42	35	—	—	—	—	167p
Mks & Sp. (c)	140	32	2	35	—	—	—	"
Mks & Sp. (c)	160	15	1	20	—	24	—	"
Mks & Sp. (c)	180	5½	—	8	2	12	—	"
Mks & Sp. (p)	160	6	2	9	12	10	—	"
Mks & Sp. (p)	180	16	3	18	15	19	—	"
Shell (c)	390	19	—	28	4	36	—	392p
Shell (c)	420	8	76	19	11	26	1	"
Shell (c)	460	2½	54	6	—	—	—	"
Shell (p)	390	18	50	22	2	—	26	"
		August		November		February		
Barclays (c)	417	3	10	10	—	—	—	398p
Barclays (p)	390	12	—	25	—	30	2	"
Imperial (c)	90	7½	1	10½	—	15½	2	97p
Imperial (c)	100	1¼	—	5½	—	9	3	"
Imperial (c)	110	¾	—	2½	10	4½	—	"
Imperial (p)	100	4½	20	8	—	9	3	"
Lonrho (c)	70	18	2	19	—	20	—	87p
Lonrho (c)	80	8½	16	12	60	13½	2	"
Lonrho (c)	90	5	54	7	27	8½	—	"
Lonrho (p)	90	6	—	10	1	11	—	"
P & O (c)	120	34	1	39	—	—	—	154p
P & O (c)	140	15	8	21	—	27	—	"
P & O (c)	160	5	—	10	5	14	—	"
Racal (c)	420	68	1	85	—	105	—	485p
Racal (c)	500	7	1	23	3	35	—	"
Racal (p)	500	20	10	30	—	23	—	"
RTZ (c)	360	42	—	52	—	60	1	399p
RTZ (c)	420	5	6	18	—	26	—	"
RTZ (p)	360	3	—	8	10	14	—	"
RTZ (p)	390	12	10	27	5	37	—	"
RTZ (p)	420	30	—	47	6	55	3	"
Vaal Rfs. (c)	40	9½	2	10	—	10½	—	$49
Vaal Rfs. (c)	45	5	10	6	5	7¾	—	"
Vaal Rfs. (c)	50	1¼	3	3¼	—	4¾	—	"
Vaal Rfs. (p)	50	2½	1	6	—	8½	—	"

C=Call P=Put

Companies and Markets

BIDS AND DEALS

S & W Berisford close to winning BSC battle

BY RAY MAUGHAN

THE commodity trader, S. & W. Berisford, learned yesterday that the last obstacle had been removed from its route to control of British Sugar Corporation when the Office of Fair Trading announced it has not recommended the £282m bid to be referred to the Monopolies and Mergers Commission.

Berisford is poised to become a major sugar beet producer. The agreement with Ranks Hovis McDougall will lift Berisford's stake in British Sugar by 10.5 per cent to 50.52 per cent. And Berisford's own shareholders are almost certain to sanction a 470p per share bid for the outstanding British Sugar equity at today's extraordinary meeting.

The bid is expected to go unconditional today and will remain open for acceptances for 14 days. British Sugar has argued with the Takeover Panel that the bid was set to expire on August 5 and is contending that the offer should not close before August 19.

It expects to write once more to its shareholders in the intervening period urging them to take no immediate action. British Sugar has latched on to Berisford's stated aim of buying out all the British Sugar minority. Mr John Beckett, chief executive of the beet group, calculated yesterday that to invoke Section 209 of the 1948 Companies Act, Berisford must gain 90 per cent of the remaining 49.48 per cent, or a further 44.5 per cent of the ordinary capital, in order to buy out the minority compulsorily.

The defence hopes that enough outside shareholders, who are dominated by about 40 institutions, can be persuaded to act together in holding out for higher terms. British Sugar and its advisers were claiming that the major institutional investors have complained, although quietly, that 470p per share is too low in relation to historic net worth of 540p per share (760p on a CCA basis) and pre-tax profits which are forecast at £64m this year.

Other undercurrents of City opinion yesterday, however, contained a measure of relief that the campaign may be ending. Initial disenchantment with the terms may be giving way to an inclination to take the cash.

Belhaven Brewery in moves to dispose of holiday acquisitions

Belhaven Brewery has entered negotiations with another prospective buyer of the group's Golden Sands holiday village in Norfolk following the breakdown of discussions with the first interested purchaser. The chairman of Belhaven, Mr Eric Morley, told shareholders at the annual meeting yesterday that the board is also "75 per cent of the way towards the sale of Hotel Bel Playa in Torremolinos."

The former director, Sir Fred Pontin, was also at the meeting and intimated that he would be prepared to make a fresh offer for both holiday sites, which he introduced to Belhaven before his resignation from the Scottish brewing and leisure group board last December.

Speaking from the floor of the meeting, Sir Fred claimed that the Norfolk and Spanish acquisitions "were not bad investments, they were just badly managed." Mr Morley had admitted earlier in a reply to another shareholder, that "we made a botch of them."

However, if the disposals proceeded as planned, they "would make a great deal of difference to the balance sheet" and, accordingly, the group has held back the planned sale of its interests in the Miss World beauty competition. The competition would have been "easily our most saleable asset" but disposal had only been contemplated in view of the difficult conditions facing the group and the UK leisure industry," Mr Morley said.

The chairman took the point raised by a shareholder that the group's accounts showed an approximate net current liability of some £1.5m.

But Mr Morley stressed that "there is no cash crisis." Bank facilities, he revealed later, amounted to £2m and Belhaven "certainly hadn't spent half of this limit."

It was difficult to give a precise answer on book losses on the planned disposals, although the board expects to cover purchase costs, he said.

Referring to the sale of half his shareholding in the company in December, Mr Morley explained that he had had to borrow from the bank to finance the original purchase and his annual interest bill had been approaching £29,000. "I just had to halve that bank loan," he admitted, "but I sold the least number of shares I could."

The chairman felt that the downward trend in the holiday tour business had been reversed in the last few weeks and "we shall sell as many holiday flights as we've booked," which would also make a significant impression on the group's finances. The Miss World competition "has tripled its engagement fees this year," he claimed.

Gently chiding a shareholder for prefacing his questions with an apology for any implied criticism, Mr Morley said "if I was on the outside looking in on this company, I'd criticise the board like hell for what has happened."

Agents assured by Howden

LLOYD'S of London underwriting agents, who have introduced members of Lloyd's to syndicates under the management of Alexander Howden Group's own agency company, have been seeking meetings to clarify the position of the agencies subsidiary.

The move follows mounting speculation around the group as its ultimate parent company, Alexander & Alexander, the U.S. insurance broking giant, commissioned a snap audit into the affairs of the Howden broking and underwriting interests.

Alexander Howden Underwriting has met with representatives of underwriting agents and given them assurances that their members can withdraw from the syndicates which includes the largest syndicate in the Lloyd's market for any time until the year end.

Normally notice which underwriting agents must give for withdrawing members from Lloyd's syndicates, has to be in by this time of year. But because of the latest events in the Howden group the period has been extended. Agents have been told that they will receive further information once the audit by Deloitte Haskins and Sells has made further progress.

In London, Mr John Bogardus, chairman of Alexander and Alexander, has been keeping Lloyd's chairman Sir Peter Green informed of developments within the Howden group.

Two directors resign from Change Wares

Two directors of Change Wares, the loss-making manufacturer of wiremesh shelving and wire-based components, resigned yesterday.

Mr Benson Selzer, one of the two U.S. directors on the five-man board, resigned with immediate effect because of his interest in discussions which are now taking place regarding an important acquisition and related financing proposals.

A second director, Mr John Page, who ceased executive duties in December 1981 has also resigned.

Mr Howard P. Hoeper, a U.S. citizen, has been appointed a non-executive director with immediate effect, Change Wares said.

It was stated yesterday that P. H. Warren now holds 813,866 shares, 28 per cent of present issued share capital.

Last Pickles' offshoots go

THE JOINT receivers of William Pickles yesterday announced the sale of the last two trading businesses belonging to the Altrincham-based textile company.

The Henry Bannerman shirt-making businesses have been sold to the Bannerman management, said Mr Henry Butt and Mr Colin Bird of accountants Price Waterhouse. They will continue to trade under the Bannerman name.

The receivers also announced the sale of Glen Fabrics to its former managing director and his associates.

Together with the recent sales of Sparrow Hardwick, the Dewton Manufacturing Company and A. C. Freeman and Sons all the trading businesses of the William Pickles group have now been sold, they said.

William Pickles called in the receivers on June 17 "in the best interests of the four continuing sections of the group, namely Glen Fabrics, A. C. Freeman, Sparrow Hardwick and Henry Bannerman."

Its latest figures showed a pre-tax loss of £362,000 in the six months to June 30, 1981 on turnover of £10.84m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Automated Security, Barrows, Midland Bank, Scottish United Investors.

Finals: J. and J. Dyson, Esperanza International Services, Howard Tenens Services, Kean-E-Ze, Neepsend, Alfred Preedy, Wereham.

FUTURE DATES

Interims—

Aqua Securities	Aug 3
Baynes (Charles)	Aug 16
Britannic Assurance	Aug 11
Horizon Travel	Aug 5
House of Fraser	Sept 23
Ocean Transport and Trading	Aug 10
Rights and Issues Invest. Trust	Aug 5
Silverthorne	Aug 3
Smith and Nephew	Aug 10

Finals—

Helen Pimperton	Aug 3
Malaysia Rubber	Aug 5
Smith (David S.)	Aug 5

EUROPEAN OPTIONS EXCHANGE

Series	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C $300	—	—	3	57	40	66	$443
GOLD C $350	3	78	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD C $375	60	2.50	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD C $400	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P $300	—	—	21	1	[illegible]	[illegible]	
GOLD P $325	—	—	75	12	13	18	
GOLD P $350	—	—	8	26	21	35	
GOLD P $375	60	33.50	64	42	[illegible]	[illegible]	
12¼NL 81 87-91 C F.112.50	305	0.50	—	—	600	2.10	F.112.80
P F.112.50	—	—	—	—	100	2.30	
10¼ NL 80 86-95 C F.100	—	—	—	—	10	2.90	F.101.80
P F.100	—	—	10	1.10	—	—	
P F.102.50	—	—	50	2.80	—	—	
11½ NL 82 89-92 C F.102.50	—	—	10	2.20	—	—	F.103.50
C F.105	—	—	[illegible]	[illegible]	—	—	
P F.105	20	2.80	—	—	—	—	
10 NL 82 86-89 P F.100	100	1.70	—	—	—	—	F.98.80
	Oct.		Jan.		Apr.		
ABN C F.350	[illegible]	[illegible]	[illegible]	[illegible]	13	[illegible]	F.357.50
ABN C F.360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ABN P F.340	110	8.50	[illegible]	[illegible]	[illegible]	[illegible]	
ABN P F.360	37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
AKZO C F.22.50	50	2.40	—	—	—	—	F.24.50
AKZO C F.25	15	1.10	—	—	—	—	
AKZO C F.27.50	50	0.50	1	0.90	—	—	
AKZO P F.25	108	1.20	12	1.60	—	—	
AKZO P F.27.50	1	[illegible]	—	—	—	—	
AMRO C F.40	[illegible]	[illegible]	17	3	—	—	F.42.70
AMRO P F.40	20	[illegible]	4	4.80	[illegible]	[illegible]	
HOOG P F.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.16.40
IBM C $60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$64¾
IBM C $65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
IBM P $65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM C F.80	37	6.60	14	[illegible]	[illegible]	[illegible]	F.82.50
KLM C F.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM C F.100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM P F.80	148	3.30	45	[illegible]	[illegible]	[illegible]	
KLM P F.90	[illegible]	[illegible]	[illegible]	10.50	[illegible]	[illegible]	
KLM P F.100	[illegible]	17	[illegible]	[illegible]	[illegible]	[illegible]	
NEDL C F.100	[illegible]	[illegible]	[illegible]	0.80	[illegible]	[illegible]	F.104.80
NEDL C F.110	24	0.80	[illegible]	[illegible]	[illegible]	[illegible]	
NEDL P F.100	10	[illegible]	11	2.50	[illegible]	[illegible]	
NEDL P F.110	10	[illegible]	10	6.50	[illegible]	[illegible]	
NATN C F.120	10	0.90	[illegible]	[illegible]	[illegible]	[illegible]	F.115.20
PHIL C F.22.50	60	1.50	15	2.60	20	3.50	F.23.90
PHIL C F.25	20	0.70	8	[illegible]	[illegible]	[illegible]	
PHIL C F.27.50	10	0.20	20	0.40	[illegible]	[illegible]	
PHIL P F.22.50	25	0.50	104	0.80	[illegible]	[illegible]	
PHIL P F.25	10	1.40	37	1.60	4	1.80	
RD C F.80	5	7	[illegible]	[illegible]	15	[illegible]	F.85.80
RD C F.90	22	1.40	[illegible]	[illegible]	10	[illegible]	
RD C F.100	4	0.40	27	1	[illegible]	[illegible]	
RD P F.80	10	1.50	[illegible]	[illegible]	10	2.70	
RD P F.90	45	5	[illegible]	[illegible]	[illegible]	[illegible]	
UNIL C F.140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.150
UNIL C F.150	35	3	10	[illegible]	—	—	
UNIL P F.140	58	1.30	—	—	—	—	
UNIL P F.150	12	4	—	—	—	—	

TOTAL VOLUME IN CONTRACTS 3505

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	†12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
Amro Bank	12 %	■ Hambros Bank	12 %
Henry Ansbacher	12 %	Hargrave Secs. Ltd.	12 %
Arbuthnot Latham	12 %	Heritable & Gen. Trust	12 %
Associates Cap. Corp.	12 %	■ Hill Samuel	§12 %
Banco de Bilbao	12 %	C. Hoare & Co.	†12 %
BCCI	12 %	Hongkong & Shanghai	12 %
Bank Hapoalim BM	12 %	Kingsnorth Trust Ltd.	13 %
Bank of Ireland	12 %	Knowsley & Co. Ltd.	12½%
Bank Leumi (UK) plc	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank Street Sec. Ltd.	13½%	Edward Manson & Co.	13½%
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone	12½%	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Roxburghe Guarantee	12½%
■ Brown Shipley	12 %	Slavenburg's Bank	12 %
Canada Perm't Trust	12½%	Standard Chartered	‖12 %
Castle Court Trust Ltd.	12½%	Trade Dev. Bank	12 %
Cavendish G'ty T'st Ltd.	13 %	Trustee Savings Bank	12 %
Cayzer Ltd.	12 %	TCB	12 %
Cedar Holdings	12 %	United Bank of Kuwait	12 %
■ Charterhouse Japhet	12 %	Volkskas Intl. Ltd.	12 %
Choulartons	13 %	Whiteaway Laidlaw	12½%
Citibank Savings	¶12 %	Williams & Glyn's	12 %
Clydesdale Bank	12 %	Wintrust Secs. Ltd.	12 %
C. E. Coates	13 %	Yorkshire Bank	12 %
Comm. Bk. of Nr. East	12 %		
Consolidated Credits	12½%		
Co-operative Bank	*12 %		
Corinthian Secs.	12 %		
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E.T. Trust	12 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	13 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 9%, 1 month 9.25%. Short term £8,000/12 month 11.8%.

† 7-day deposits on sums of: under £10,000 9%, £10,000 up to £50,000 9¾%, £50,000 and over 10½%.

‡ Call deposits £1,000 and over 9%.

‖ 21-day deposits over £1,000 10%.

§ Demand deposits 9%.

¶ Mortgage base rate.

هكذا من الاصل

APPOINTMENTS

New chairman at Henry Ansbacher

Mr D. H. LeRoy-Lewis has been appointed chairman of HENRY ANSBACHER HOLDINGS following the retirement of Sir Samuel Goldman. Mr F. R. Welsh has retired as a director. Mr C. C. P. Williams has been appointed chairman of Henry Ansbacher & Co., merchant bankers, following the retirement of Sir Samuel. Mr Williams remains managing director of the group and of the bank pending the appointment of Mr Patrick Spens. Mr C. B. Longbottom has been appointed a director of the bank and Mr Welsh has retired as a director.

★

Mr Roy Freeland has been appointed managing director of FAIREY ARLON, a member of the Fairey Holdings Group. He succeeds Mr Ronald Harcourt who becomes business development director within the Fairey filtration division. Before joining Fairey, Mr Freeland was managing director of Hallite Developments.

★

Mr Frans S. Donck has been appointed technical director of FIAT AUTO (UK). He succeeds Mr *Alberto Borsarini* who returns to Turin to take charge of training and development for the technical division. Before joining Fiat Auto (UK), Mr Donck was senior vice president, engineering and service with Fiat Motors of North America.

★

Mr Simon P. Duffy will join CONSOLIDATED GOLD FIELDS *as manager—project evaluation* from September 1.

★

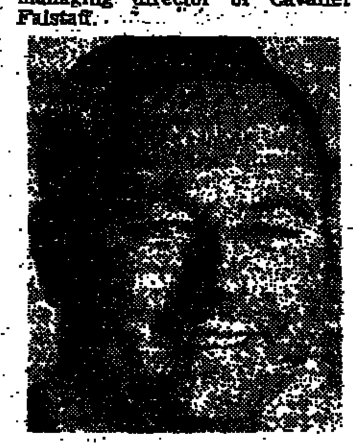
Mr Dudley Edward Fielding has been appointed finance director of BRITISH TELECOM ENTERPRISES, the new competitive arm of the corporation. He joins from GEC where he was group finance director.

★

Mr Stan Pitts has been appointed general manager, DUNLOPILLO INDUSTRIAL, with responsibility for all the manufacturing and marketing operations for Dunlopillo Division UK where they concern *flexible foams supplied to* industrial users—principally the furniture, automotive, insulation, textile and packaging markets.

★

ARTHUR PRICE OF ENGLAND has *strengthened its* main board by the appointment of a director of marketing. He is Mr Ken Ayling, until recently managing director of Cavalier Falstaff.



Mr Ken Ayling: director of marketing at Arthur Price of England

★

Mr Peter Maclean and Mr Derek Southgate have joined the board of SHERWOOD COMPUTER CENTRE.

★

Mr Bryan Hope has been elected chairman of the PERIODICAL PUBLISHERS ASSOCIATION for the third successive year. He is chairman of journal publishing in IPC Business Press.

★

Mr Patrick J. Bradley has been appointed assistant representa*tive in the London office of the* NATIONAL COMMERCIAL BANK OF SAUDI ARABIA. He has recently returned from the Bank's Eastern Province Corporate Finance Group.

BANK RETURN

BANKING DEPARTMENT

	Wednesday July 28 1982	Increase (+) or Decrease (—) for week	
Liabilities	£		£
Capital	14,553,000		—
Public Deposits	43,413,225	+	166,764
Bankers Deposits	535,922,835	—	68,304,789
Reserve and other Accounts	1,802,591,300	—	12,884,909
	2,396,480,360	—	81,022,934
Assets			
Government Securities	354,247,282	+	62,354,644
Advances & other Accounts	1,317,951,826	—	68,512,060
Premises Equipment & other Secs.	713,870,719	—	76,685,602
Notes	10,056,975	+	1,818,639
Coin	353,558	+	1,445
	2,396,480,360	—	81,022,934

ISSUE DEPARTMENT

	£		£
Liabilities			
Notes Issued	11,025,000,000	—	25,000,000
In Circulation	11,014,943,025	—	26,818,639
In Banking Department	10,056,975	+	1,818,639
Assets			
Government Debt.	11,015,100		—
Other Government Securities	2,876,448,808	+	285,989,282
Other Securities	8,137,536,092	—	310,989,282
	11,025,000,000	—	25,000,000

UK COMPANY NEWS

Singlo expands 49% to £1.7m

A GOOD performance was forecast and achieved by Singlo Group, with a 49 per cent rise in pre-tax profits to £1.17m for the year to March 27 1982, according to the directors. Turnover of this discount food retailer moved ahead to £45.19m against £38.33m.

Against a forecast of 0.55p, a *final dividend of 0.6p* net has been proposed which raises the total from 1.175p to 1.375p. Basic earnings per 10p share are given as rising from 2.98p to 4.28p, and fully diluted from 2.75p to 3.9p.

A one-for-10 scrip issue is *proposed*.

The directors say that during the current year, as well as store development costs the company also faces certain new openings from competitors close to existing outlets. However, trading so far *suggests* that results for the current year will be reasonable with a substantial rise in the level of trading in the years to follow as the development programme bears fruit.

The directors add that the level of trading at other subsidiaries continues to be satisfactory.

At half-time group pre-tax profits were higher at £517,000 *(£307,000)*.

For the year under review Norman's (Budleigh), cash and carry retailer, increased sales by 19.5 per cent as customers continued to be attracted by the *policy of consistently low prices* at a time, say the directors, when personal disposable income was under pressure.

Norman's trading profits rose to £1.48m and a *strong cash flow* meant a substantial reduction in the interest charges paid by the group as a whole.

Group pre-tax profits were struck after reduced head office and interest charges of £384,000 against £543,586.

The results from the tea estate in Malawi were good with profits more than doubling to £83,000. The trading performance of the soft drinks and giftware businesses improved.

A breakdown of results by turnover and trading profits—£1.56m (£1.33m)—shows: discount food retailing £40.69m (£34.05m) and £1.43m (£1.27m); tea £577,000 (£374,494) and £83,000 (£33,718); other UK activities £3.93m (£3.9m) and £49,000 (£26,318).

The group has started a period of development. By December 1981 Norman's was operating eight outlets in the West Country with a total of about 118,000 sq ft of selling space.

In February Norman's took over the lease of an existing retail cash and carry at Wantage, Oxfordshire, which has been converted to Norman's style of trading. In June Norman's acquired a further existing outlet near Hereford which will be expanded.

At Camborne in Cornwall a group of existing buildings is being prepared for opening in late 1982. Negotiations are continuing for another *site* which should result in Norman's operating 12 branches with a total of about 135,000 sq ft of selling space by mid 1983.

The group's tax charge remained at a low level of 18 per cent say the directors, although it was ahead at £961,000 *against £618,650*. This helped the rise in attributable earnings from £599,527 to £952,009.

After extraordinary credits last time of £122,704, and a rise in dividends' costs from £235,927 to £318,000, retained profits emerged higher at £634,000 compared with £486,304.

On a current cost basis pre-tax profits were reduced to £957,000 (£675,000).

Lloyd's Life sales advance

A SIGNIFICANT increase in new life and pensions sales in the nine months to June 30 1982 is reported by Lloyd's Life Assurance. New annual premiums over the period for the parent company advanced 15 per cent from *£5.2m to £6m, while single* premiums, boosted by a buoyant second hand bond market, rose nearly 50 per cent from £9.1m to £13.2m.

New life annual premiums showed a modest 10 per cent growth from £4.3m to £4.76m, but annual premiums on pension con*tracts* were one-third higher at £1.24m against £900,000.

The company's new self-employed pension contract boosted premiums from £50,000 to £190,000, while executive pension premiums were up by one-quarter at £1.05m.

Single premium sales of life *business* improved nearly 40 per cent from £8.44m to £11.64m with almost all this growth being accounted for by the £3m of second hand bonds sold in the second quarter of 1982. The Government has now taken action against the favourable tax status of such bonds.

Pensions single premiums more than doubled from £660,000 to £1.56m, with self-employed pension premiums reaching £500,000 and executive pension premiums £1.06m.

Business was also buoyant for the company's offshore subsidiary, Lloyd's Life Assurance (Isle of Man), with single premiums rising more than 50 per cent from £7.2m to £11.1m and annual premiums almost doubling from £700,000 to £1.3m.

Mr Robert Kiln, *chairman of* Lloyd's Life, in an interim statement, points out that the expansion over the past few years had been financed out of retained profits and this had limited the amount of profit available for distribution. The board believes that such growth was in the best *long term interests of the company* even if it made dividend payments unlikely for the time being.

Total funds of the parent company now amounted to £102m, while those of the Isle of Man subsidiary £34m.

Bonuses raised at Friends Provident

Friends Provident Life Office, *a leading mutual life company*, is improving its terminal bonus rates on all personal with-profit life and endowment contracts. The maximum rate on ordinary policies is lifted from 40 to 50 per cent of attaching bonuses, *while for flexible contracts* the rate rises from 25 to 30 per cent.

The company is also substantially improving the interim bonus rate of the various employers' pension policies from £10.50 to £11 per cent of the secured pension and attaching bonuses.

The bonus rises reflect the appreciation this year in the capital values of the company's underlying portfolios and will maintain the company's position as a leader in the with-profits field.

Wyndham dives into losses of £28,590

A dive into pre-tax losses of £28,590 from profits of £21,449 has been made by Wyndham Engineering, Cardiff-based steel fabricator and general machinist, for the year to March 31 1982. Turnover was down from £367,810 to £262,888.

At the interim stage pre-tax profits fell from £29,000 to £17,600 and the directors said *that outcome for the latter half* would depend on some improvement in the industrial climate.

Tax credits were reduced from £1,718 to £445.

Freehold and leasehold properties have been revalued as at March 31 1982, say the directors, and this has resulted in a surplus of £132,646, which has been credited to reserves.

River Plate static at interim stage

Net revenue of the River Plate and General Investment Trust was little changed at £416,444, compared with £412,518 in the half-year to June 30 1982. Gross revenue was up from £724,833 to £730,065, and tax *took £212,196 against £211,483.*

The interim dividend on the deferred ordinary shares is raised from 1.25p to 1.4p net—last year's total was 5.5p from pre-tax revenue of £1.49m (£1.46m). The dividend absorbs *£218,803 (£195,360). Earnings* per 25p deferred share improved from 2.61p to 2.63p.

Valuation of investments at June 30 was £22.4m compared with £24.5m a year earlier. Net asset value per share was down from 165.6p to 145.8p.

Bull Electric advances to £186,000

Bull Electric, the Suffolk-based motor manufacturing company, had trading profits of £186,000 on turnover of £2.5m in the first *half. Sales were up 20 per cent* and profit by 50 per cent compared with the same period last year.

The company enjoys a 16-week *order book, confirming the* continued regeneration of the business, which was a substantial loss-maker at the time of acquisition by NEB four years ago.

Mr *David Ball*, managing director, expresses pleasure with the continued progress in spite of the recession, severe competition and heavy expenditure on product and market development.

Over 85 per cent of output is exported, and Bull is concentrating on expansion and factory modernisation in its new growth phase.

SERVIS HOLDINGS

Servis Holdings and Wilkins and Mitchell: the offer is unconditional in all respects and will remain open for acceptances until further notice.

MINING NEWS

MIM still has faith in coal

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S MIM Holdings firmly retains its faith in the outlook for coal. Mr D. B. Watson, the managing director, says that the company believes that there is still a *drift from liquid-fired* to solid-fired power stations and a continuing conversion of industrial plants to coal.

"Long-term demand for steaming coal is being sustained and we see no evidence of over-production," he says, adding that MIM has always made its own assessment of coal demand, being neither impressed by the boom estimates of a year ago nor depressed by the current bust estimates which pervade the industry.

He was announcing that the major proportion of the future production of the 4m tonnes per annum Newlands steaming coal project was committed to customers on long-term contracts. First shipments of coal from the new mine are expected to be made in 1984.

Mr Watson claimed that MIM has achieved its objective of building a secure market spread over the three main future consumption areas for Australian coal: Japan, south-east Asia and Europe, covering the power generation, cement and industrial use industries.

Rio Algom earns less

INEVITABLY, first half earnings of the Rio Tinto-Zinc group's Canadian arm, Rio Algom, have *fallen* against the background of lower prices for copper, molybdenum and silver together with reduced revenue from steel and uranium.

Net earnings for the half-year come out at C$14.1m (£6.4m), equal to 86 cents per share, compared with C$38.8m in the first *half of last year.*

A major adverse factor has been the downturn at the 68.1 per cent-owned molybdenum-producing Lornex. *As reported here* on Tuesday the latter lost C$4.8m in the first half of this year compared with a profit of C$16.1m in the same period of 1981.

Energy interests keep Newmont in profit

AMERICA'S Newmont Mining has managed to remain in profit during the second quarter of this year, earning $10.6m to make a total of $22.3m, or 81 cents per share, for the first *half*. This goes against $47.3m in the same period of 1981 before crediting a gain of $100.7m from the sale of the holding in St Joe Minerals.

While the company's copper interests are suffering along with those of most others in the world, Newmont has the advantage of energy interests. These are still doing well and are expected to be the major contributors to revenue for the rest of the year.

London's *Consolidated* Gold Fields holds just on 22 per cent of Newmont and after September 1 it will be permitted, under the agreement reached with the U.S. company, to make further purchases of the shares to take the holding *to a maximum of* 26 per cent by the end of 1984.

Metal Closures moves ahead

Atlantis Resources International *oil and gas company is expected to publish its offer document for the acquisition of the outstanding 41.3 per cent of Le Vallonet today.*

Atlantis, which obtained a full London listing earlier this month, acquired a major stake of the Jersey based investment company in November 1980, and was obliged to make a full cash offer of 45p a share for the rest.

At the time Atlantis had been considering using Le Vallonet, now little more than a cash shell, as a listing vehicle but this proved technically undesirable. *The latest offer*, outlined in the prospectus, will be a one-for-one share deal, with *Atlantis* currently trading around 42p a share.

Yesterday the group announced that finds over the last six months had lifted proven *reserves* by some 35 per cent. Net asset value on this basis was estimated at over 70p a share. This excluded a major gas find at Adsett in British Columbia.

Placer's first half loss

LOSSES CONTINUE at Canada's Placer Development, one-third owned by Noranda Mines. Placer's loss for the first half of this year amounts to C$12.3m (£5.6m) and compares with a net *profit of C$21.4m a year ago.*

Metal prices dropped even lower *in the second quarter and* matters were not helped by a loss sustained by Noranda. This is reflected via Placer's stake in Zinor Holdings which is a holder of Noranda.

Operations started in June at Mexico's biggest silver mine, the Real de Angeles which is 34 per cent owned by Placer. Meanwhile, construction is running on schedule at the company's Golden Sunlight open-cast gold mine in Montana.

Placer's cost-saving measures include a C$5m reduction in the exploration budget, reductions in the workforce and a salary freeze affecting all personnel at the head office in Vancouver.

Milk Marketing Board seeks £25m cash boost

BY A CORRESPONDENT

THE MILK Marketing Board of England and Wales is seeking a £25m capital injection by means of interest-free loans from its 40,000 milk producers.

The board desperately needs investment in new plant and equipment for its Dairy Crest manufacturing division which lost some £3.5m on turnover of £730m last year.

At present the board raises less than £6m a year via a statutory capital levy of a maximum of 0.046 pence per litre on producers. This can't be increased, without Government approval.

The radical alternative now being proposed by the MMB is, in effect, to transform the MMB into a fully-fledged farmer co-operative with producer shareholdings.

The proposal is for a compulsory 1.3 per cent deduction from farmers' monthly milk cheques, to go into a revolving fund. The money would be refunded to producers at face value after ten years, with no interest added. (The present capital levy is never refunded.) Contributions would also be refunded to producers leaving the industry.

The 1.3 per cent deduction would be expected to raise some £25m a year from next year.

These proposals, being called the new "financial strategy," have been under intense discussion for months. Last week's monthly MMB board meeting approved the idea in principle unanimously, it is believed.

The plan will now be discussed at the MMB's regional committees during the next few weeks. The MMB hopes to obtain approval by its September Board meeting for launching at its annual meeting in London in October.

The MMB has a long history of loyalty from its members, but whether they will be prepared to swallow this large pill is a moot point.

One problem will certainly be that the contributions will still be subject to tax as income by the farmer. There is also some doubt as to how the idea will be greeted in Brussels.

Some critics are saying the scheme would simply shift the cost of paying interest on borrowings from the board to its farmer suppliers.

Some worries are also being expressed about the long term outcome of changing farmers from simple registered producers to paid up shareholders, and what effect this might have on the MMB's future as a secure statutory authority monopoly.

The fact that milk production for the past three months has been increasing at a faster rate than at almost any time in the past 20 years may make producers less antagonistic to such a proposal than they might have been after last year's disastrous spring.

And with over 60 per cent of the MMB's milk deliveries in the past two months having to go into manufactured products might clarify the urgent need for investment in the board's creaking creameries.

Warning after egg price cuts

By Richard Mooney

EGG PRODUCERS' losses will grow following a new cut in prices announced yesterday, according to Goldenlay, Britain's biggest egg-marketing consortium.

Goldenlay said its first hand prices for larger eggs, sizes one and two, were being reduced by 2p a dozen. But other sizes, including the most popular size three, will come down 4p a dozen.

It blamed the cuts on poor demand coupled with high levels of production. One factor is said to be the continuing trend away from the traditional British hot breakfast.

But he did not think prices would stay down for long. "With all producers making losses, production will have to fall back, with many laying flocks being sent for slaughter," he said.

Deep sea trawlers withdrawn

BOSTON DEEP Sea Fisheries of Hull and Lowestoft announced yesterday that it was withdrawing its last two trawlers from Fleetwood and laying them up.

The decision came only 24 hours after J. Marr and Son of Hull announced the withdrawal of their 8 ships based at Fleetwood. Both companies say they can no longer afford the heavy losses incurred by continuing to operate from the port.

Mr Neil Parkes, chairman of the Boston company, said yesterday that it was becoming patently obvious that the Government intended to sacrifice large sections of the fishing industry at minimum cost to the Exchequer in order to achieve a revised Common Fisheries Policy.

The Boston company has operated out of Fleetwood for nearly 60 years. Seven years ago, Fleetwood had 42 large trawlers.

FARMERS'S VIEWPOINT

Farm co-ops under fire

THE WELL-PUBLICISED difficulties of North Devon Meat, the co-operative abbatoir and trading complex have raised doubts once again as to the abilities of farmers to manage their own marketing affairs. It is quite true that by a mixture of overtrading and administrative slackness the co-operative is in deep trouble, and these difficulties are affecting the whole spectrum of livestock trading.

For instance among those affected by the moratorium on payments—besides farmers who were consigning stock direct—are auctioneers and some of the co-operative marketing groups set up to supply livestock of the quality the market needs. Their confidence has been severely dented. After all it is not much use going to endless trouble producing what the markets is said to require, under-going the discipline of grading, and finishing up with a debt which may take a long time to settle.

But none of this should be seen as an indictment of the co-operative system. Many commercial abbatoir companies are in trouble; in fact the whole meat wholesaling industry is under pressure. Where NDM seems to have gone wrong is in selling to markets far wider than they could supply from Devon and Cornwall. This made it necessary to secure stock from areas far away from their base with consequent increasing costs not only in transport, but in having to buy on the open market when supplies were short.

One of the problems in meat trading is that production from British farms is rather seasonal. Cattle and sheep from the West of England largely come from summer grazing and winter output is much lower. This factor applies of course to other wholesalers, but few of them had committed themselves in terms of investment as had North Devon Meat.

The situation had been aggravated by granting farmers bonuses on trading instead of using the surpluses to build up reserves. With hindsight it is now obvious that this was a great mistake, but can be excused by the fact that farmers had to be persuaded to stay with the co-operative by more than the co-operative ideal. Without the bonuses some of the prices being paid were no better than were being paid for stock by other buyers.

Here the Board of management must be held responsible. They should have been in a position to control or some way to monitor the financial position and to control the way in which the company was being directed. But the original fault must lie with the members themselves for not electing the right men to the Board.

The trouble is that the sort of men who find themselves elected to these positions of trust are, while commanding the respect of their farmer constituents, not necessarily the sort of men who can smell out how a business is doing. They should do this by studying overdraft and cash flow and using their commonsense to interpret the signs which should have been evident months or even years before the trouble exploded.

They should have known by other signs that the market was very tight and the scope for any form of profitability very doubtful indeed. Farmers may make their judgment by the weekly cheque but their leaders should look further ahead.

It is worth querying the validity of co-operation in farm marketing. If it does not give the farmer a better return than other outlets, there is no real point in adding the complication of a co-operative into the process.

It must be remembered that a great many farmers are independent traders by inclination; many, in fact, enjoy a deal and like to shop around both in buying and selling.

Co-operation, I have observed, flourishes best from against a background of exploitation of small farmers. Thus it was in most of the rest of Europe, and the world for that matter. But British farmers were never keen to submit their sales to the skills of a trader employed by a co-operative. Some of them do, of course, and the number is growing, but very, very slightly. Most of us like to beat our neighbour by a small margin and this is a difficult trait to control.

Farm marketing needs a great deal more than simply supplying what the consumer wants. What is needed is a means of maintaining prices at a reasonable level and to do this the selling organisation should really have control of all suppies on the market and be in a position to store or otherwise dispose of surpluses.

The best example of a successful British farm co-operative is the Milk Marketing Board. Born in a period of acute depression it was formed under the Agricultural Marketing Act by a majority of farmers desperate to organise their milk marketing out of the chaos in which it was floundering.

It is a statutory body, the sole buyer of milk at the wholesale stage and it still enjoys the confidence of most dairy farmers. There are no problems of loyalty because there is no alternative, and on the whole it does a good job. It is the only sort of co-operative I would join.

JOHN CHERRINGTON

Aid for Guernsey horticulture

BY OUR GUERNSEY CORRESPONDENT

GUERNSEY'S Parliament on Wednesday night authorised the allocation of over £1m to support the horticultural industry in 1983.

In a 50-page report the island's horticultural committee argued that without this aid local growers will be "at a considerable disadvantage" compared with their competitors in Holland, the UK and other EEC countries.

It is planned to allocate £600,000 to continued price support for tomato growers. The same sum was made available this year and proved to be sufficient to recompense growers for low prices only during part of the April-June support period.

However, the horticultural committee recommended that the figure should be kept at £600,000 because the area of glasshouses planted with tomatoes is expected to drop well below 300 acres in 1983 against 320 acres this year and 400 acres in 1981.

The report discloses that for the first time this season Guernsey's tomato acreage has fallen below that of flowers, which is now put at 350 acres.

It is proposed to make £320,000 available for bonus payments to flower growers under the Gold Crest grading and marketing scheme which was launched at the beginning of this year.

The horticultural committee wants to modify the flower scheme next year to relate the bonus payments to the prices obtained, so that the full amount will be paid only when prices are poor.

Great emphasis is put in the report on the need for Guernsey growers to reduce energy costs, and the horticultural committee wants to spend some £70,000 a year over the 1983-87 period to help the industry to invest in fuel conservation equipment at a rate of £½m annually. The method of support will be similar to that already used to help the Island's farming and fishing sectors—an interest subsidy to enable growers to borrow at an effective rate of 5 per cent.

A saving of at least 30 per cent in fuel costs is necessary to put island growers on an equal footing with Mediterranean producers, it is claimed.

Cocoa report optimistic

By Our Commodities Editor

A SLIGHTLY more optimistic note about cocoa market prospects is struck in the latest report issued by London dealers, Gill & Duffus, today. Forecast of the current season's (1981-82) surplus is reduced marginally from 88,000 tonnes to 84,000 tonnes mainly reflecting a cut in Brazilian production.

But the report points out that attention is now centred on the likely statistical balance for the 1982-83 crop year. Even though there is high probability of another surplus, this is expected to be much smaller with likely reductions in both Brazil and Ivory Coast.

Meanwhile, demand is expected to grow, although there are considerable doubts about consumption prospects in the Communist bloc countries.

Chinese confuse copper market

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER prices fell yesterday on the London Metal Exchange for the fourth day in succession. The decline was triggered off by the fall in gold, and other precious metals, which brought renewed speculative selling.

However, the downward trend was slowed by apprehension among some traders of a possible shortable of supplies developing if the Chinese decide to take delivery of the substantial forward purchases understood to have been made in the past few weeks.

Yesterday the higher grade cash price fell by £10 to £829.25 a tonne, but the three months quotation dropped by £13.5 to £842.25 and the gap is expected to narrow still further. However, there are also reports of the Chinese selling, as well as buying.

On the tin market continued buying of cash tin, believed to be on behalf of the International Tin Council buffer stock, pushed the cash price up by a further £160 to £6,465 a tonne. It maintained its slight premium over the three months' quotation which gained £157.5 to £6,455.

Our Bangkok correspondent writes: Malaysia has run into predictable resistance from Thailand and Indonesia over the terms of the three countries' tin producers association provisionally launched last month.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.70-31.75	+0.03
Iranian Light	30.70-31.00	−0.10
Arabian Heavy	29.20-29.50	−0.10
North Sea Forties	32.00-33.10	−0.10
African Bonny Li'ht	34.25-34.50	−0.28
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	341-344	−1.5
Gas oil	274-284	+3.0
Heavy fuel oil	157-161	−2.0

GAS OIL FUTURES

A stronger dollar prompted a weaker steadied gaining support from New York, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
July	277.00	−0.50	—
August	284.25	−3.00	284.25-78.50
Sept.	281.25	+1.75	282.00-77.50
Oct.	282.75	−1.50	283.00-79.50
Nov.	283.50	+1.00	282.75-81.50
Dec.	284.00	−0.50	285.75-82.50
Jan.	285.25	−0.25	—
Feb.	286.00	−1.00	—
March	285.00	−4.00	—

Turnover: 1,743 (2,006) lots of 100 tonnes.

GOLD MARKETS

Gold fell $6½ to $339½-340½ in the London bullion market, after opening around the day's low of $335-336. It was fixed at $340.50 in the morning and $342.50 in the afternoon, and touched a peak of $343½-344.

In Paris the 12½ kilogold bar was fixed at FFr 75,000 per kilo ($341.24 per ounce) in the afternoon, compared with FFr 75,000 ($340.29) in the morning, and FFr 75,500 ($345.46) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 27,040 per kilo ($341.73 per ounce), against DM 27,200 ($347.30) previously, and closed at $342½-343½, compared with $346½-347½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $336 per ounce, against $346.50.

In Zurich gold finished at $341-344, compared with $345-348.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	194.00-5.00	−5.150	198.20-5.80
Sept'mb'r	192.50-5.00	−5.175	196.50
October	197.00-8.00	−3.250	200.75-97.0
November	198.00-9.00	−4.250	—
December	199.50-01.0	−4.750	—
January	201.00-3.00	−4.500	—
February	203.00-5.00	−3.950	—

Turnover: 360 (909) lots of 100 troy ounces.

	July 29		July 28	
Gold Bullion (fine ounce)				
Close	$352¼-353¼	(£200½-201)	$346-347	(£198-198½)
Opening	$353-354	(£201-201½)	$345½-346½	(£197-197½)
Morning fixing	$351.50	(£200.068)	$345.75	(£197.290)
Afternoon fixing	$351.25	(£200.199)	$347	(£198.456)

Gold Coins July 29					
Krugrnd	$347-348½	(£194¼-200)	King Sov	$87-89	(£50-51)
½ Krug	$178½-179½	(£103½-103¼)	Victoria Sov	$87-89	(£50-51)
¼ Krug	$91-92	(£52¼-52¾)	French 20s	$74½-77	(£42½-44½)
1/10 Krug	$37-38	(£21¼-21¾)	50 pesos Mex.	$418-419½	(£257¼-256¼)
Mapleleaf	$347-348	(£199¼-200)	100 Cor. Aust	$329-331	(£189-190)
New Sov	$80-80½	(£46-46¼)	$20 Eagles	$390-400	(£224-229½)

BRITISH COMMODITY MARKET

BASE METALS

BASE METAL prices were again weaker on the London Metal Exchange, with the notable exception of Tin, which advanced steadily throughout the day to close at £6,480, where the Backwardation remained at £10. Copper had an active day on the back of the big selling of precious metals, and closed at £840, where the Contango narrowed from £16 to £11. Lead closed at £302. Zinc at £409. Aluminium at £558.5 and Nickel at £2,805.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGrde				
Cash	852.5-6	−6	829-.5	−10
3 mths	846.5-7	−7.5	842-.5	−13.5
Settlem't	832.5-6	−6	—	...
Cathodes				
Cash	812-4	−5	805-7	−12.7
3 months	831-2.5	−5.75	824-6	−15.2
Settlem't	814-4.5	−4.5	—	...
U.S. Prod.	—	—	*70-75	...

Amalgamated Metal Trading reported that in the morning high-grade cash copper traded at cash £832.50; three months £845.00, 47.00, 48.00, 47.50, 47.00, 47.50, 48.50, 48.50, 48.00, 46.50, 47.00, 49.00, 46.50. Kerb: Higher grade three months £847.00, 46.00, 45.50. Afternoon: Higher grade three months £844, 43, 44, 43.5, 42, 42.5, 43, 42.5, 42. Kerb: Higher grade three months £843, 42, 40, 38, 36, 37, 38, 39, 40, 41, 40. Turnover: 43,925 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6325-35	+55	6460-70	−155
3 months	6310-20	+112	6450-60	−152
Settlem't	6335	+55	—	...
Standard				
Cash	6325-30	−127	6460-70	−116
3 months	6310-20	−112	6450-60	−157
Settlem't	6330	−125	—	...
Straits E.	$29.15	—	—	...
NewYork	—			

Tin—Morning: Standard cash £6330, three months £6280, 6300, 10, 15. Kerb: Standard three months £6350. Afternoon: Standard three months £6380, 6400, 25, 50, 40, 60, 50. Kerb: Three months £6460, 75, 60, 70, 80. Turnover: 2,200 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	295.5-6	−4.75	190-1	−15
3 months	306.5-7	−4.5	301.5	−12
Settlem't	296	−5	—	...
U.S. Spot	—	...	*28-8	...

Lead—Morning: three months £310.00, 09.00, 08.00, 07.00, 06.00, 07.00, 06.50, 06.00, 07.00, 06.50. Kerb: Three months Cash £290.5; three months £305, 04, 02, 03, 02.5, 03, 01, 01.5, 01. Kerb: Three months £302.5, 02, 01, 02, 02, 02.5. Turnover: 12,350 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	401.75	−2.62	401.2	−2
3 months	409-.5	−2	408-.5	−3.25
S'ment	401.75	−2.75	—	...
Primw'ts	—	...	37-40.5	...

Zinc—Morning: Cash £402.00; three months £409.00, 09.50. Kerb: Three months £409.50, 09.00, 09.50. Afternoon: Three months £408, 08.5, 09, 08.5, 08, 08.5. Kerb: £408.5, 08, 08.5, 09. Turnover: 11,500 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	540-1	[illegible]	537.5-8	[illegible]
3 months	560-.5	[illegible]	557-.5	[illegible]

Aluminium—Morning: [illegible] Turnover: 9,600 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2830-5	[illegible]	2810-20	[illegible]
3 months	2810-2	[illegible]	2790-800	[illegible]

Nickel—Morning: [illegible]

SILVER

Silver was fixed 15.1p an ounce lower for spot delivery in the London bullion market yesterday at 385.50p. U.S. cent equivalents of the fixing levels were: spot 670c, down 29c; three-month 691.0c, down 29.9c; six-month 713c, down 31.7c; and 12-month 752.4c, down 33.1c. The metal opened at 380-382p (658-663c) and closed at 373-372p (635-639c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	385.50p	−15.1	375p	−19.5
3 months	396.25p	−15.7	387.25p	−19
6 months	405.50p	−16.8	—	.....
12months	423.50p	−17.2	—	.....

LME—Turnover 106 (same) lots of 10,000 ozs. Morning: Three months 396.0, 97.0, 97.5, 98.0. Kerb: three months 399.0. Afternoon: three months 388, 87.5, 88, 87, 86.5. Kerb: three months 387, 86, 83, 85.

COCOA

Futures remained barely steady as further trade and commission house selling pushed values to the recent lows before short-covering and fresh consumer offtake steadied prices. Producers remained above current levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	840-49	−2.5	850-37
Sept.	874-75	−4.0	878-63
Dec.	917-18	−2.0	918-05
March	951-52	−2.0	952-40
May	970-72	−2.5	972-62
July	990-91	−3.5	991-83
Sept.	1010-11	−5.5	1010-00

Sales: 2,644 (2,115) lots of 10 tonnes.

ICCO—Daily price for July 29: 69.14 (69.74). Indicator price for July 30: 70.44 (70.66).

COFFEE

After opening higher as expected against New York the market rallied further reports Drexel Burnham Lambert. Prices remained steady until the close when profit-taking pared gains.

COFFEE	Yest'day's Close	+ or —	Business Done
July	1390-95	−42.0	1406-80
Sept.	1132-33	−18.0	1148-25
Nov.	1021-22	−6.5	1040-17
January	972-73	−5.0	990-75
March	940-42	−10.0	959-42
May	910-13	−10.5	934-13
July	900-10	−7.5	—

Sales: 3,475 (5,560) lots of 5 tonnes.

ICO Indicator prices for July 28: (U.S. cents per pound): Comp. daily 1979 114.35 (113.02); 15-day average 115.23 (115.43).

GRAINS

The market opened unchanged and and began trading lower on both wheat and barley. Barley came off further due to some profit-taking. Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Sept.	110.35	—	105.40	−0.25
Nov.	114.00	—	109.05	−0.25
Jan.	117.65	—	112.90	−0.15
Mar.	120.85	—	116.00	−0.05
May	124.25	—	119.15	−0.10

Business done—Wheat: [illegible] Barley: [illegible]

LONDON GRAINS—Wheat: [illegible]

HGCA—Locational ex-farm spot prices. [illegible]

POTATOES

LONDON POTATO FUTURES—[illegible]

Turnover: 222 (393) lots of 40 tonnes.

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed quiet. Lewis and Peat recorded an August fob price for No 1 RSS in Kuala Lumpur of 196.5 (196.25) cents a kg and SMR 20 171.0 (171.5).

[illegible]

SOYABEAN MEAL

The market opened 50p easier in thin conditions, reported T. G. Roddick. Prices remained on the defensive throughout the day, with the exception of spot August.

[illegible]

SUGAR

LONDON DAILY PRICE—Raw sugar £101.00 (£102.00) a tonne cif July-Aug-Sept shipment. White sugar daily price £127.00 (£126.00).

[illegible]

COTTON

LIVERPOOL—Spot and shipment sales for the week amounted to 22 tonnes. Only desultory trading persisted, and the turnover was confined to specialist needs. Occasional contracts were arranged, but the bulk of the demand centered on qualities grown in Middle Eastern areas.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—[illegible]

MEAT/FISH

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

REUTERS

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

AMERICAN MARKETS

NEW YORK, July 29.

COTTON FIRMED on reports of new foreign demand. The livestock complex was mostly higher in response to a strong product demand. Precious metals and copper were lower as general liquidation continued. Sugar prices advanced on trade and technical [illegible]

||Soyabean Meal—Aug 174.3-174.7 (174.9), Sept 175.0 (same), Oct 175.5-175.4, Dec 180.0-180.2, Jan 183.0, March 188.0-188.2, May 192.4-192.5, July 197.5-198.0, Aug 197.0-198.0.

[illegible]

Live Hogs—Aug 60.75-60.65 (60.17), Oct 58.90-58.70 (58.17), Dec 58.50-58.65, Feb 56.95-55.70, April 51.72-51.70, June 52.00, July 52.40, Aug 49.50.

‡‡Maize—Sept 246½-246 (246¾), Dec 253½-253¾ (251½), March 269½-269, May 278¾, July 284½, Sept 286½.

Pork Bellies—Aug 82.15 (80.15), Feb 77.70 (75.70), March 76.60, May 73.42, July 73.00, Aug 71.47.

†Soyabeans—Aug 604½-603½ (606¾), Sept 603-603½ (602¾), Nov 608½-607, Jan 626, March 642½, May 656, July 670, Aug 676.

[illegible] Aug 88.00-88.25 (87.77), Sept 87.90-87.90 (87.52), Oct 87.60-88.00, Nov 88.30-88.60, Dec 88.75-89.15, Jan 89.90, Feb 90.70-90.25, March 88.95, April 88.00, May 88.00.

Orange Juice—Sept 125.10-125.25 (125.40), Nov 124.45 (124.20), Jan 124.65-124.75, March 125.75, May 126.85-127.10, July 127.95-128.25, Sept 129.05-129.50, Nov 130.00-130.50. Sales: 300.

CHICAGO, July 28.

Chicago Imm Gold—Sept 343.0-342.5 (355.3), Dec 352.0-351.5 (368.0), March 363.2, June 373.7, Sept 384.4.

EUROPEAN MARKETS

ROTTERDAM, July 29.

Wheat—(US$ per tonne): U.S. No. 2 Red Winter Aug 146, Sept 151. U.S. No. 3 Amber Durum Aug 169, Sept 172, Oct 176, Nov 179. U.S. No 2 Northern Spring 14 per cent Aug 175.50, Sept 175, Oct 178, Nov 180. Canadian Western Red Spring Sept 202.

Maize—(US$ per tonne): U.S. No 3 Yellow spot 127, afloat 123, July 122, Aug 116, Sept 114, Oct/Dec 116, Jan/March 124 sellers.

Soyabeans—(US$ per tonne): U.S. Two Yellow Gulfports Aug 246.25, Sept 244, Oct 238, Nov 238, Dec 243.50, Jan 249.50, Feb 254.60, March 257.50, April 261.60 sellers.

Soyemeal—(US$ per tonne): 44 per cent Nov/March 220 traded, afloat 204, Aug 208, Sept 210, Nov 214, Nov/March 220 sellers. Pellets Brazil afloat 213, July 212, Aug 214, Sept 218, Oct 224, Nov/March 240 sellers.

PARIS, July 29

Cocoa—(FFr per 100 kilos): July 980 asked, Sept 1033-1040, Dec 1085-1099, March 1138-1155, May 1175-1185, July 1209-1221, Sept 1240-1250. Sales at call: 1.

Sugar—(FFr per tonne): Oct 1445-1448, Nov 1430-1445, Dec 1480-1445, March 1545-1548, May 1585-1600, July 1615-1630, Aug 1640-1680, Oct 1685-1705. Sales at call: 47.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. [illegible] 64 5.15, 75 4.85, 88 4.00; S. African: 27 4.70, 32 5.55, 36 5.70, 40 5.85, 48 5.40, 56 5.25, 64 4.90, 72 4.35—Ruby same at White. Apples—Tasmanian: Granny Smith 9.00-10.00, Sturmer Pippins 10.00-11.00; Australian: Granny Smith 9.50-10.50, Democrats 9.00-10.00; New Zealand: Granny Smith 9.50-10.50, Sturmers 10.50-11.50, Red Dougherty 11.00-11.50; S. African: Granny Smith 8.00-10.00, Golden Delicious 10.50-12.00, York Imperials 8.50-10.00; U.S.: 18-kg Red Delicious 9.00-13.00; Spanish: Golden Delicious 9.50-10.00. Pears—French: Dr Guyot 28-lb loose 3.00; Italian: Tray packs, Dr Guyot per pound 0.18-0.20. Peaches—Italian: Large tray 1.50-3.20; French: C/AAA 2.00-3.40. Plums—Italian: Florencia per pound 0.20; Spanish: 11-lb Santa Rosa per pound 0.20-0.35, Burbank trays 2.00-3.30, Gaviota 9-lb trays 3.00-4.20. Gages—French: 9-kg 3.00-3.50; Spanish: 5-kg 3.00-4.00. Grapes—Israeli: Thompson 3.00; Cyprus: 11-lb Cardinal 3.30, Sultana 3.00, Thompson 5.50, Alphonse Lavallee 4.40, Gold 4.40. Cherries—U.S.: Per pound 0.90. Strawberries—U.S.: 12-oz 1.50. Litchees—Israeli: 8-oz 1.00. Apricots—Spanish: 5-kg 3.00-4.00; Hungarian: 6-kg 3.50. Nectarines—Italian: 3.50-5.00. Melons—Spanish: Yellow 10-kg 3.20-3.80; French: Charentais 11/15 6.00-8.00; Dutch: Ogens 6.00-8.00. Water-melons—Spanish: 15-kg 5.50-6.50. Pineapples—Ivory Coast: 20's 0.40-0.50, 12's 0.80-0.90. Bananas—Colombian: 40-lb boxes 9.20. Avocados—S. African: 5.00; Kenyan: 5.00. Mangoes—Kenyan: 8/16 4.00-5.00; Mexican: 6.50-7.00. Paw paws—Brazilian: 7.00. Tomatoes—Dutch: 6-kg "A" 2.20-2.40, "C" 2.00-3.20. Artichokes—Brittany: 24's 4.80. Onions—Dutch: 3.00-3.20; Spanish: Grano 3.80-4.00, Liria 3.40. Capsicums—Dutch: 5-kg Green 3.40, Red 7.00, Yellow 6.50, White 4.80, Blue 6.00. Cabbages—Dutch: White 5.50, Red 4.50. Aubergines—Dutch: 5-kg 2.80; Cyprus: 2.00. Courgettes—Jersey: Per 12-lb 1.00-1.20. Cauliflowers—Dutch: x 8 2.30-2.80. New Potatoes—Cyprus: 20-kg 2.50-3.50.

English Produce: Potatoes—Per lb new 0.30-0.40. Mushrooms—Per lb open 0.60-0.70, closed 0.80-0.90. Lettuce—Per 12, round 0.50-1.40, Webb's 1.00-2.00, Cos 1.00-2.00. Onions—Per 55 lb 40/80mm 2.40-3.00. Spring Onions—Per bunch 0.07-0.08. Pickling Onions—Per 55 lb 3.50-4.00. Primo Cabbage—Per 25 lb 1.20-1.80. Carrots—Per 26/28 lb 0.80-1.60, per bunch 0.10. Courgettes—Per 12 lb 1.00-1.20. Cucumbers—Per package 1.60-2.50. Tomatoes—Per 12 lb box D/E 1.80-2.40. Cauliflowers—Per 12 Lincoln 2.00-3.50. Celery—Per 12/30 1.00-2.50, Winter crop 3.50-4.00. Stick Beans—Per lb 0.20-0.25. Ground Beans—Per lb 0.16-0.15. Marrows—Each 0.05. Sugar Peas—Per lb 0.80-1.50. Peas—Per lb 0.10-0.12. Turnips—Per 28 lb 1.50-2.00. Swedes—Per 28 lb 1.50. Parsnips—Per 28 lb 3.50. Apples—Per lb Bramley 0.20-0.25, Grenadiers 0.12-0.14, Howgate 0.14-0.16, Darby 0.14-0.16, George Cave 0.20-0.25. Strawberries—Per 8 oz 0.40-0.60. Raspberries—Per 4 oz pack 0.30-0.50. Blackberries—Per 80 oz 0.20-0.25. Blueberries—Per 8 oz 0.70. Cherries—Per lb 0.50-0.70. Plums—Per lb Laxton 0.10-0.16, Early River 0.10-0.15. Gages—Per lb 0.16-0.15. Red Currants—Per 8 oz 0.26-0.30. Black Currants—Per 8 oz 0.25-0.30. Fennel—Per 11 lb 2.50. Corn-on-Cob—Each 0.20.

Continental Illinois falls from grace

BY DAVID LASCELLES IN NEW YORK

CONTINENTAL ILLINOIS'S decision to drop out of the prestigious "top 10" banks whose paper enjoys special status on Wall Street's money markets was a dramatic but predictable consequence of its unfortunate brush with the collapsed Penn Square Bank in Oklahoma.

Ever since the bank revealed that it had bought $1bn of loans from Penn Square and subsequently reported a loss of $61m, the worst ever suffered by a major U.S. bank, it was only a matter of time before waning investor confidence would force up Continental's cost of funds and oblige it to accept second-tier status. The stock market had already knocked more than half the value off its stock.

Even so, the affair came as an unpleasant surprise. Until the beginning of this year, Continental was viewed as one of the most promising banks in the U.S.—conservative, but shrewd. The contrast with its ailing cross-town rival, First Chicago, could hardly have been more striking.

But the growth strategy put together by Mr Roger Anderson, chairman, and Mr John Perkins, president, was evidently less conservative than the bank's carefully nurtured image would have people believe. It aimed above all to break the bank out of the sluggish North and into fast-growing businesses, notably energy.

Continental has refused to say how it got so deeply involved with Penn Square, a flashy bank by any standard. But it clearly did not live up to the commitment set out in its latest annual report—"The basic policy governing the management of the lending portfolio is the diversification of risk over a variety of customers, industries, and countries. Appropriate diversification — combined with thorough evaluation, documentation, and follow-up on every credit by highly trained lending officers—lessens the effect of any potential loss that might result from a single event."

Banking sources say that Continental got swept up in the euphoria of energy lending. It made two basic mistakes. It failed to read Penn Square correctly, and it did not adequately screen the borrowers Penn Square was bringing in.

Whatever the reasons—and they are bound to emerge as Congressional hearings into the collapse get under way—Continental has suffered an immense blow to both its finances and its prestige, from which it will take many years to recover. Even at the height of its crisis, the rival First Chicago never suffered an actual loss.

The full extent of the damage has not yet been reckoned. But Continental's half year earnings report a week ago showed it had been obliged to set aside $220m to cover potential loan losses. In addition it increased its volume of non-performing loans (on which interest is in arrears) to $1.3bn, or 3.7 per cent of its total loan portfolio. This includes some $150m in loans to Nucorp Energy, the California drilling company which went bust this week.

Non-performing loans had already been swollen by the $200m Continental has out to International Harvester, which yesterday announced the latest of its plans to survive under its multibillion dollar mountain of debt.

Mr Anderson was on Harvester's board until April when he resigned to avoid obvious conflicts of interest.

These huge losses have blown enormous holes in Continental's key measures of performance, like return on equity. But while there is no question of the bank actually going under, its recovery is bound to be hampered by difficulties in the money markets.

Chicago banks suffer from special handicap of not being allowed to open more than one branch (though the Illinois state law is in the process of being eased). So their ability to raise funds through bank deposits is sorely limited and they consequently rely more heavily than other banks on market funding.

Continental Illinois is one of the largest U.S. issuers of certificates of deposit, a major money market instrument. Yet this important source of funds has just got more expensive, now that the bank is out of the "Top 10." The difference may be only 0.20-0.30 per cent, but every little counts in the hotly competitive big bank market.

First half earnings at Socal fall 62%

By Our New York Staff

STANDARD OIL of California (Socal), the fourth largest U.S. oil company, reported yesterday a 57 per cent decline in second quarter net earnings to $263m or 77 cents a share compared with $616m or $1.80 a share.

First-half earnings decreased even more steeply by 62 per cent to $493m or $1.44 a share from $1.28bn or $3.75 a share.

Socal, like the other major U.S. oil companies which have been reporting sharp earnings declines, was hit by the general downturn in the international oil market.

Revenues for the quarter were $9bn, and for the half totalled $19bn, against $11bn and $23bn respectively.

Aetna Life boosts profits as premiums decline 8%

BY PAUL TAYLOR

AETNA LIFE and Casualty, the largest stock-holder owned insurance company in the U.S., improved earnings by 6 per cent in the second quarter from $114.1m to $121.3m But capital losses of $7.8m compared with $4.4m in the same period last year reduced net earnings to $113.5m or $1.41 a share against $109.5m or $1.36 a share.

Revenues were $3.42bn, against $3.51bn.

The company last week announced plans to buy a 40 per cent stake in Samuel Montagu, the London accepting house owned by Midland Bank, for $116m.

It reported an 8 per cent decline in premiums to $2.55bn for the period but investment income grew by 19 per cent to $869.5m.

Aetna has assets of over $40bn and is a major force in the U.S. life insurance and property casualty insurance fields.

It is also to acquire about 4.4m shares or about 86 per cent of Federated Investors, an investment management firm

The latest figures brought Aetna's operating earnings for the half year up to $222.3m or $2.75 a share against $209.8m or $2.61 a share. Revenue rose by $10m to $6.93bn. After capital losses of $21.4m against $5.2m last year, net earnings fell 6 per cent to $200.9m or $2.49 a share against $215m or $2.67 a share.

Marsh and McLennan Companies, the world's largest insurance brokerage group which acquired C. T. Bowring of the UK in 1980, reports a record second quarter with net income rising from a corresponding $31.2m to $31.6m on revenues up from $215m to $233m.

Net income for the half-year increased from $65.1m to $66.4m on operating revenues up from $434m to $484m.

Earnings per share were $1.81 against $1.78 for the first half and 87 cents against 85 cents for the second quarter.

Fixed interest Eurobond prices firmer

BY ALAN FRIEDMAN

PRICES FOR fixed-interest Eurodollar bonds closed ½ point higher last night after a day in which the major activity centred round IBM's new $100m bond-plus-warrant deal.

The IBM 13¾ per cent paper seen by the market as an extremely successful issue, traded up from its 99½ issue price to close at 101¾ last night. The five-year paper yields under 13½ per cent at this level, and is still attracting tremendous interest. Illustrating the market's much vaunted flight to quality.

At the other end of the spectrum, issues with any connection to Canada—such as Alcan, Canadian Pacific, Nova Scotia and Newfoundland, continue to move very slowly. Less than half of the Canadian Pacific $75m issue has been sold and it is at a 3 per cent discount.

In West Germany, Commerzbank announced last night that it had been instructed to postpone the DM 100m issue for F W Woolworth, the U.S. retailer. Commerzbank did not specify why the issue, set for yesterday on the calendar, had been put off. It cited only Woolworth's "internal reasons."

Others in the D-mark bond sector speculated that had Woolworth, a Triple B plus name, come to market, it would have needed to pay at least 9¼ per cent.

The D-mark sector was down ½ point yesterday amid light trading. The Swiss franc bond sector meanwhile, was off ½ point, largely because of the strength of the U.S. dollar against the Swiss currency.

Citicorp International said last night that it had increased from SwFr 50m to SwFr 80m the five-year 7 per cent private placement for Société Générale. The other lead-manager is Sogenal Zurich.

Hydro Quebec is arranging the placement of SwFr 300m of 6¾ per cent five-year paper. The issue is divided into three equal SwFr 100m tranches and these are being placed by Credit Suisse, SBC and UBS respectively.

● Expected today in the Euro-D-mark sector is a DM 100m 9½ per cent five-year issue for SEK, *the Swedish export credit corporation*, through WestLB.

Nabisco lifts second quarter

By Paul Taylor in New York

NABISCO FOODS, the U.S. food group, announced a 35 per cent rise in second quarter earnings to $70.3m or $1.11 a share from $53.3m or 83 cents last year on sales up 8 per cent to $1.52bn.

Earnings for the first six months increased by 18 per cent from $109.2m or $1.73 to $129.7m or $2.04.

General Foods, the packaged foods maker also reported net earnings for the first quarter *ended July 3 up 25 per cent* to $61.5m or $1.24 a share

Aer Lingus held in check by Atlantic routes deficit

BY OUR DUBLIN CORRESPONDENT

IRISH State airline, Aer Lingus, lost I£22m ($31m) on its North Atlantic routes last year, despite increasing traffic by 21 per cent. The North Atlantic was the only part of the airline's operations to show a loss and left the company with an overall pre-tax loss of I£7.3m, against I£11.5m.

Chairman, Dr Michael J. Dargan, warned that the Atlantic route losses, which have left the airline with a debt ratio as high as 88 per cent—combined with high Irish inflation, threatens Aer Lingus's continued operation as a commercial business.

Nevertheless, the Irish Government has told the airline that it must continue to fly the *North Atlantic and has agreed* to pay I£5m a year towards non-commercial costs which the company is obliged to bear.

The Government's response to requests for more equity falls below what the company sought. The airline had asked for *I£65m over a short period* but will receive I£30m over the next three years.

Aer Lingus argues that these amounts will do little more than replenish annual losses while leaving the level of debt at over 80 per cent.

Operating losses on air transport fell from I£15.9m to I£11.2m, while the operating profit on aviation-related services rose from I£7.5m to I£8.6m; on hotels, leisure and catering from I£7.7m to I£8m and *on financial and other* services from I£1.4m to I£2m.

Big losses in forest products

By Robert Gibbens in Montreal

THE TWO largest forest products companies in Western Canada have reported serious losses for the first half of 1982, reflecting the long and deep recession in lumber markets, soft pulp prices, weakening newsprint markets and high interest costs.

MacMillan Bloedel, indirectly controlled by the big Brascan holding company of Toronto, posted a six months loss of C$21.5m (U.S.$17m) against net profit of C$21.5m or 72 cents a share a year earlier, on sales of C$971m

British Colombia Forest Products had a first half loss of C$17m (U.S.$13.5m) against a profit of C$95.7m or C$1.16 a share a year earlier, on sales of C$415m against C$459m.

The industry sees little hope of recovering until early 1983.

NORTH AMERICAN QUARTERLIES

ALBANY INTERNATIONAL

	1982 $	1981 $
Second quarter		
Revenue	89.7m	99m
Net profits	6.38m	8.59m
Net per share	0.94	1.28
Six months		
Revenue	177.6m	189.9m
Net profits	11.07m	15.19m
Net per share	1.64	2.26

ALCO STANDARD

	1981-82 $	1980-81 $
Third quarter		
Revenue	717.8m	645.8m
Net profits	15.48m	14.50m
Net per share	0.74	0.72
Nine months		
Revenue	2.15bn	1.84bn
Net profits	43.16m	40.56m
Net per share	2.08	2.02

AMERICAN MAIZE PRODUCTS

	1982 $	1981 $
Second quarter		
Revenue	98.0m	110.1m
Net profits	991,000	2.89m
Net per share	0.19	0.55
Six months		
Revenue	190.8m	205.8m
Net profits	1.59m	4.07m
Net per share	0.31	0.78

AMF INC.

	1982 $	1981 $
Second quarter		
Revenue	313.9m	336.5m
Net profits	8.29m	23.68m
Net per share	0.36	1.34
Six months		
Revenue	611.8m	622.4m
Net profits	18.23m	33.33m
Net per share	0.79	1.56

ARMSTRONG WORLD INDUSTRIES

	1982 $	1981 $
Second quarter		
Revenue	328.8m	371.0m
Net profits	9.6m	21.4m
Net per share	0.39	0.85
Six months		
Revenue	648.5m	715.6m
Net profits	7.1m	34.8m
Net per share	0.28	1.39

BALLY MANUFACTURING

	1982 $	1981 $
Second quarter		
Revenue	397.5m	232.4m
Net profits	35.23m	22.94m
Net per share	1.21	0.85
Six months		
Revenue	645.8m	443.4m
Net profits	52.34m	39.11m
Net per share	1.83	1.45

BELL AND HOWELL

	1982 $	1981 $
Second quarter		
Revenue	176.0m	173.4m
Net profits	3.49m	3.21m
Net per share	0.62	0.58
Six months		
Revenue	344.2m	332.6m
Net profits	5.24m	5.29m
Net per share	0.93	0.93

BLUE BELL INC.

	1981-82 $	1980-81 $
Third quarter		
Revenue	326.3m	359.0m
Net profits	9.53m	12.01m
Net per share	0.75	0.95
Nine months		
Revenue	944.9m	1.03bn
Net profits	27.68m	33.64m
Net per share	2.17	2.67

BORDEN INC.

	1982 $	1981 $
Second quarter		
Revenue	1.04bn	1.21bn
Net profits	42.38m	40.18m
Net per share	1.49	1.37
Six months		
Revenue	1.97bn	2.26bn
Net profits	77.16m	72.36m
Net per share	2.69	2.47

BROWNING-FERRIS

	1981-82 $	1980-81 $
Third quarter		
Revenue	182.6m	170.3m
Net profits	17.03m	13.39m
Net per share	0.84	0.67
Nine months		
Revenue	532.0m	485.8m
Net profits	45.76m	34.81m
Net per share	2.25	1.78

CAROLINA POWER AND LIGHT

	1982 $	1981 $
Second quarter		
Revenue	359.9m	307.5m
Net profits	37.7m	31.9m
Net per share	0.44	0.46
12 months		
Revenue	1.45bn	1.24bn
Net profits	214.8m	163.7m
Net per share	3.09	2.91

CLEVELAND ELECTRIC

	1982 $	1981 $
Second quarter		
Revenue	228.0m	227.3m
Net profits	41.0m	23.7m
Net per share	0.74	0.51
12 months		
Revenue	1.09bn	944.3m
Net profits	158.0m	104.8m
Net per share	3.00	2.29

CONE MILLS

	1982 $	1981 $
Second quarter		
Revenue	170.5m	180.8m
Net profits	3.85m	9.30m
Net per share	0.70	1.82
Six months		
Revenue	326.0m	355.3m
Net profits	7.67m	16.5m
Net per share	1.38	2.86

DEXTER CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	136.6m	139.1m
Net profits	7.39m	7.70m
Net per share	0.80	0.83
Six months		
Revenue	266.9m	270.5m
Net profits	13.1m	14.2m
Net per share	1.42	1.54

DOFASCO

	1982 $	1981 $
Second quarter		
Revenue	388.5m	430.9m
Net profits	14.8m	43.3m
Net per share	0.59	2.34
Six months		
Revenue	798.1m	854.8m
Net profits	48.5m	85.3m
Net per share	2.21	4.64

FIELDCREST MILLS

	1982 $	1981 $
Second quarter		
Revenue	114.3m	129.0m
Net profits	†709,000	1.52m
Net per share	†0.19	0.40
Six months		
Revenue	221.6m	233.1m
Net profits	1.28m	2.23m
Net per share	0.34	0.59

†Loss

FOSTER WHEELER

	1982 $	1981 $
Second quarter		
Net profits	15.32m	15.04m
Net per share	0.45	0.44
Six months		
Revenue	740.0m	852.5m
Net profits	28.29m	27.35m
Net per share	0.83	0.80

GEO INTERNATIONAL

	1981-82 $	1980-81 $
Third quarter		
Revenue	89.16m	113.6m
Net profits	3.01m	12.71m
Net per share	0.26	1.13
Nine months		
Revenue	312.3m	311.6m
Net profits	24.43m	33.06m
Net per share	2.16	2.95

GREAT LAKES CHEMICAL

	1982 $	1981 $
Second quarter		
Revenue	40.5m	35.2m
Net profits	3.18m	4.68m
Net per share	0.44	0.65
Six months		
Revenue	83.4m	70.9m
Net profits	7.13m	10.01m
Net per share	0.99	1.40

PITTSTON

	1982 $	1981 $
Second quarter		
Revenue	565.1m	328.0m
Net profits	5.08m	†27.4m
Six months		
Revenue	1.32bn	1.11bn
Net profits	20.45m	†10.68m

†Loss

PRENTICE-HALL

	1982 $	1981 $
Second quarter		
Net profits	3.07m	2.55m
Net per share	0.31	0.26
Six months		
Net profits	5.11m	4.84m
Net per share	0.52	0.49

More tables, Page 22

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18. Closing prices on July 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 88/97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amax Int. Fin. 14¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amex O/S Fin. 14¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ATT 14¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Baker Int. Fin. 0.0 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BHP Finance 14⅛ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 15⅛ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day +0½ on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0¼ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

STEADY RECOVERY IN FIRST HALF EARNINGS

Commerzbank strengthens its base

BY STEWART FLEMING IN FRANKFURT

COMMERZBANK, West Germany's third largest commercial bank, has achieved a substantial improvement in earnings in the first six months of 1982.

But Dr Walter Seipp, chief executive, made it clear this week that the bank is planning a major effort to strengthen reserves. This suggests that shareholders can hope for only a token dividend this year and may even be asked to accept a third successive year of no payment.

The bank's interim report, as is customary in West Germany, discloses only a partial operating result which reflects neither its own income from trading in securities and foreign exchange, nor the provisions and write downs it will be making against loans and securities in its year end accounts.

Partial operating earnings in the six months have increased, however, by 50 per cent to DM 203m ($82.8m) from the six monthly average in 1981. German banks do not provide a direct comparison with the same six months of the previous year.

Dr Seipp stressed that it is not just in terms of operating profits that the bank has been strengthened in the 14 months since he took over, but also in terms of improving the structure of the balance sheet and in increasing the motivation and speed of decision-making within the bank.

In 1980, Commerzbank was the principal casualty of the sharp downturn in banking profits in West Germany.

It became the first major German bank in the post war period to miss its dividend payment and to sell assets to draw on hidden reserves in order to avoid declaring a loss.

The biggest problem at that time was some DM26bn of long term fixed interest loans which were financed with floating rate deposits. These loans were not contributing to the banks earnings since the cost of the deposits rose above the fixed rate of interest on the lending.

Dealing with the problems presented by this mismatch of assets and liabilities has been Dr Seipp's biggest headache.

According to Dr Seipp, the bank was at that time over-centralised and bureaucratic, but unlike other big companies with such a centralised structure, it did not have a strong system of financial controls.

"Financial controls were lacking," he says. "I introduced a management information system last year and established departments for planning and co-ordination. This hardly existed before I came."

Dr Walter Seipp

The bank is now able to manage its assets and liabilities in a co-ordinated way.

Alongside these changes, Dr Seipp has also been seeking to decentralise management responsibility in order to speed up decision-making and increase staff motivation.

In the past two years, the bank's overall balance sheet volume has grown only slowly from DM 100bn in 1980 to DM 101bn last year, and Dr Seipp says that "for deliberate policy reasons, as well as the prevailing economic situation, our balance sheet total will be unchanged this year."

But he argues that the structure of the balance sheet has been improving substantially. The bank has reduced its dependence on interbank deposits and increased its customer deposit base. It has also shortened the maturity of its loan portfolio. This is something which was desperately needed, partly to reduce its fixed interest loan book. In addition, margins have been better on short term loans, especially in the past few months as short term deposit interest rates, and thus funding costs, fell faster than rates on short term loans.

The bank has also increased its overseas lending to good quality corporate customers and restrained its lending to developing country borrowers.

Even this year, however, the burdens of the past will continue to weigh heavily on the banks activities. At the end of the year the bank is anticipating that it will still have a mismatched lending book of around DM 14.8bn.

The German economy is not recovering from recession as expected, and therefore domestic loan growth is stagnating in the corporate and private sectors.

BANCO AMBROSIANO OVERSEAS CREDITORS' MEETING

Nassau chief prepares to sue Vatican bank

BY WILLIAM HALL, BANKING CORRESPONDENT

PIERRE SIEGENTHALER, president of Banco Ambrosiano's Nassau operation, promised to tell worried creditors at yesterday's hurriedly convened meeting in London, both the good news and the bad news. Unfortunately, it was the bad news that caught the bankers' attention.

Banco Ambrosiano Overseas, the Bahamas' fifth biggest bank with footings of $512.2m, had its banking licence suspended on July 19 for 30 days, following the inability of its parent, Banco Ambrosiano Holding (BAH), to guarantee financial support. The latter has also been called into default on some $400m of borrowings from banks around the world.

Mr Siegenthaler told the bankers attending the meeting, which preceded a meeting of creditors of BAH, the Luxembourg parent, that the reason why the Bahamas bank had run into difficulties was because its two biggest borrowers had defaulted. These are BAH—"our own mother" in Mr Siegenthaler's words — and Istituto per le Opere di Religione, known as the Vatican bank.

Mr Siegenthaler admitted he could say very little about the indebtedness of the Nassau bank's Luxembourg parent. "They owe us $155m and they have not paid," was all he would say.

Aside from answering questions from its worried creditors, Banco Ambrosiano Overseas has produced a preliminary balance sheet, as at July 23, details of loans outstanding, stand-by commitments, liquidity schedule and an analysis of asset quality.

These show that of the bank's $332.2m of loans and advances, some $159.3m is to affiliates and the vast bulk of this ($148.5m) is to BAH. After deducting balances held in Nassau, Banco Ambrosiano Overseas' net exposure to BAH is $150.7m.

Notes to the accounts also show that the Nassau operation had placed $89.8m with the Vatican bank, and in return had deposits from the latter totalling $72.9m giving a net exposure of $16.9m.

The Nassau bank is preparing to take legal action to recover the money owed to it by IOR, and is also considering an action for damages.

The accounts show that the Nassau operation owes Banco Ambrosiano, Milan, its ultimate parent, $110.2m; Banco del Gottardo, Lugano, $30.4m, and other affiliates $8.9m. Borrowings from these institutions accounted for over one-third of the Nassau banks' deposits.

The Nassau operation also revealed that it had made a $40m loan to North Sound Investments, a company incorporated in the British Virgin Islands.

The final bit of bad news concerned some $14m of short-term advances (60 days) made at the behest of the chairman, Sig Roberto Calvi, who subsequently committed suicide in June.

The good news from Mr Siegenthaler was that apart from its 2.33 per cent stake in Banco Ambrosiano Andino, the Nassau bank had no exposure to that institution, and in fact had a modest deposit from it. In addition, the bank had no exposure to the Managuan operation.

Leaving aside the Nassau bank's loans of $40m and $14m, the remaining $129.5m of loans, other than to affiliates, have an average life of 2.65 years.

On July 14, 1982, Banco Ambrosiano Overseas held a board meeting where it decided to take a number of actions to improve the bank's position.

The bank has decided to dispose of its recently established retail banking operation in the Bahamas. It also wants to sell its half share in its old headquarters and its 20 per cent stake in another Nassau bank, Artoc Bank and Trust.

However, these actions are unlikely to save the bank on its own, and its future will depend very much on the degree of support it receives from its ultimate owner in Italy.

Credit Suisse lifts profits

BY JOHN WICKS IN ZURICH

CREDIT SUISSE, the country's third largest bank, announced a "gratifying" rise in gross profits for the first-half of 1982. Interest earnings improved markedly while all other operations except foreign exchange and precious metals dealings also showed better results.

"Numerous uncertainties and dangers currently shadowing the world economy," meant that forecast can be given for full-year, the bank told shareholders.

Net profits dropped by 1.8 per cent to SwFr 276m ($132m) in 1981 due largely to poorer interest earnings.

Credit Suisse affiliates particularly Financiere Credit Suisse First Boston also turned in good interim results. Its London associate Credit Suisse First Boston had a substantial increase in income during the first half, when it was the major Euro-market issuing house leading 102 issues

Landis expects setback

BY OUR ZURICH CORRESPONDENT

SALES and Profits of the Swiss electrical engineering group Landis and Gyr, are likely to be lower this year, says a mid-year letter to shareholders.

Drawing attention to the unsatisfactory economic situation in industrialised countries, the company states that both billings and new orders were slightly above 1981 levels in the half year in terms of foreign currencies. In francs they fell.

Group profits, which last year dropped to SwFr 52.9m ($25.3m), are expected to be "substantially" lower in 1982. Costs and earnings are said to be developing satisfactorily in foreign currency terms.

Personnel levels have "had to be adjusted" to lower production volumes by a number of companies within the Landis group. In three plants, short-time working has been necessary and is expected to continue for some months to come.

U.S. QUARTERLIES contd.

READING AND BATES

	1982 $	1981 $
Second quarter		
Revenue	135.0m	120.8m
Net profits	22.5m	20.8m
Net per share	0.72	0.67
Six months		
Revenue	262.0m	235.5m
Net profits	44.3m	38.4m
Net per share	1.42	1.24

REPUBLIC AIRLINES

	1982 $	1981 $
Second quarter		
Revenue	412.2m	374.0m
Net profits	16.8m	†4.9m
Net per share	0.67	†0.27
Six months		
Revenue	784.9m	725.0m
Net profits	†6.7m	†20.1m
Net per share	†0.39	†1.01

† Loss.

REVERE COPPER AND BRASS

	1982 $	1981 $
Second quarter		
Revenue	166.4m	214.7m
Net profits	†14.18m	3.71m
Net per share	†2.50	0.64
Six months		
Revenue	319.3m	419.3m
Net profits	†21.26m	9.97m
Net per share	†3.74	1.74

†Loss

H. H. ROBERTSON

	1982 $	1981 $
Second quarter		
Revenue	153.3m	171.1m
Net per share	1.34	1.94
Six months		
Revenue	301.3m	299.6m
Net per share	2.57	2.76

ROLLINS INC

	1981-82 $	1980-81 $
Fourth quarter		
Revenue	136.2m	129.1m
Net profits	14.32m	17.49m
Net per share	0.53	0.64
Year		
Revenue	526.5m	454.6m
Net profits	46.03m	44.44m
Net per share	1.70	1.62

SAFECO CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	377.7m	354.1m
Net profits	26.03m	27.83m
Net per share	1.38	1.46
Six months		
Revenue	723.6m	700.1m
Net profits	45.63m	53.04m
Net per share	2.42	2.78

WHITE CONSOLIDATED INDUSTRIES

	1982 $	1981 $
Second quarter		
Revenue	568.9m	660.5m
Net profits	8.85m	21.8m
Net per share	0.60	1.56
Six months		
Revenue	1.07bn	1.21bn
Net profits	15.6m	41.6m
Net per share	1.03	2.97

هكذا من الاصل

Mitsui & Company group profits plunge 93.4%

BY YOKO SHIBATA IN TOKYO

MITSUI and Company, Japan's second largest trading house after Mitsubishi Corporation, has reported a 93.4 per cent plunge in consolidated net profits for the year ended March to Y1.2bn ($4.8m) from Y18.26bn a year earlier.

The company blamed the setback on three factors: a Y39.5bn provision for losses from its Bandar Khomeini petrochemical project in Iran; an $11m civil penalty and $210,000 fine in California for illegally circumventing steel import rules; and increased losses at many subsidiaries.

Mitsui had earlier reported a parent company net loss of Y15.13bn for the year ended March against a net profit of Y11.17bn a year earlier, mainly because of the Bandar Khomeini provisions. As a result it cut its dividend to Y5 a share from Y7.

Consolidated sales grew 3.9 per cent to Y15,513bn ($61.8bn) compared with a 4.4 per cent parent company sales rise to Y13,225bn.

Mitsui's consolidated exports rose 20 per cent to account for 21 per cent of total turnover, helped by buoyant exports of cars, ships and steel pipes.

Because of a stagnant domestic economy, imports grew by only 1 per cent to take a 21 per cent share while domestic sales were unchanged, accounting for 38 per centof the total. Offshore transactions edged ahead by only 0.4 per cent because of weak international grain sales to account for 20 per cent.

By product category, some of the best performers were machinery sales, up by 25 per cent, and oil and gas, up 14 per cent. In contrast, food sales were down 13 per cent.

Overseas consolidated subsidiaries and affiliates taken in under equity accounting rules performed well last year while domestic petrochemical and timber subsidiaries performed poorly.

The number of subsidiaries and affiliates operating in the red last year declined to 94 from the previous year's 113. But their total deficit climbed to Y35.5bn from Y24.4bn.

On a consolidated basis, operating profits rose to Y105.49bn against Y74.92bn. The write-offs, provisions and subsidiaries' deficits helped turn this into a pre-tax loss of Y4.19bn against a profit of Y4.16bn a year earlier. Income from non-consolidated units and affiliated companies edged Mitsui into the black at the net level.

GM pulls out of Taiwan venture

By Robert King in Taipei

GENERAL MOTORS of the U.S. has told the Taiwan Government of its decision to withdraw from a multi-million-dollar investment in a joint venture to produce heavy-duty trucks and buses and diesel engines here, Mr Y. T. Chao, Economics Minister, said yesterday.

GM earlier had asked the Government to confirm its assurances that the joint venture, which would have produced 9,600 vehicles and 10,500 engines annually, would be protected from foreign competition indefinitely.

The Government imposed in February a one-year ban on imports of Japanese-made vehicles similar to those made by the Taiwan venture, Hua Tung Motors. But the Government baulked at guaranteeing longer and wider protection for the company.

According to Hua Tung officials, GM had asked the Government to decide on the protection issue and whether it would provide about U.S.$94.5m in loans it had promised earlier by July 12. But the Government let the deadline pass, and GM has apparently decided to pull out rather than delay any further.

Under the terms of the contract between GM and the Government, GM will get back its initial investment of about U.S.$10m plus interest and penalties if the contract is terminated.

GM has a 45 per cent stake in Hua Tung. Taiwan Machinery Corporation, a state-run enterprise, owns 35 per cent and other government agencies hold the remainder.

Hua Tung has had to suspend construction of its plant in Chungli, south of Taipei, because it did not get a scheduled loan of over U.S.$10m from one of its Taiwanese partners, the Bank of Communications.

Japanese camera groups decline

BY OUR FINANCIAL STAFF

TWO MAJOR Japanese camera makers have reported sharply lower earnings while two leading makers of films and photographic materials have lifted profits.

Yashica said its consolidated net profits fell 61 per cent in the year ended March to Y813m ($3.3m) on sales down 10 per cent to Y34.6bn.

It forecasts a further drop in net profit this year to Y300m on sales ahead by 4 per cent to Y36bn. The company said it continues to suffer from depressed demand for cameras in Japan and abroad.

Minolta Camera said its con- consolidated net profits fell 23.7 per cent in the year ended March to Y4.9bn although sales rose by 11.7 per cent to Y194.4bn.

The company benefited from its diversification into office products which brought sharply higher overseas sales of papers, developers and toners for photocopying machines. The fall in earnings was mainly attributed to a foreign exchange loss.

Fuji Photo Film, which holds about 70 per cent of the Japanese market for photographic films, has reported consolidated net profits for the year ended April 20 of Y25.78bn against Y22.9bn a year earlier. Sales were Y279.9bn

Fuji attributed its performance to the successful introduction of products such as some instant camera models. There was also strong demand for video tapes and industrial products such as X-ray film.

Konishiroku Photo Industry, which ranks second in the sector after Fuji, reported consolidated net profits for the year ended March of Y11.71bn against Y7.46bn a year earlier. Sales rose to Y284.66bn from Y258.74bn.

The company is forecasting further growth in the current year with net profits reaching Y12.7bn on sales of Y308bn.

Currency loss slashes income at Nippon Oil

By Our Financial Staff

NIPPON OIL, which holds the largest domestic market share among Japan's oil groups, reports a major setback with consolidated net income plummeting 91.2 per cent in the year ended March to Y5.68bn ($22.6m) from Y64.5bn a year earlier.

The fall, which mirrored results at the parent company, was due to exchange losses and a weak domestic market which frustrated attempts to raise prices of oil products.

Consolidated earnings per share fell to Y6.81 from Y96.28 the previous year. Sales, in contrast, rose by 5.8 per cent to Y4,176 bn from Y3,946bn.

The parent company previously reported that unconsolidated net earnings fell 81.9 per cent to Y8.3bn despite a 4.9 per cent rise in sales to Y3.6bn. Parent company earnings per share came to Y9.95.

Consolidated foreign exchange losses amounted to Y21.7bn, compared with gains of Y26.7bn in fiscal 1980-81.

● Fuji Heavy Industries said it plans to start production of minicars in Portugal on a knockdown basis with the main autoparts being supplied from Japan.

Overseas Union Bank in loan stock rights offer

BY GEORGIE LEE IN SINGAPORE

ONE OF Singapore's "big four" banks, Overseas Union, is to make a rights issue of S$100.6m (U.S.$46.6m) of convertible loan stock. This follows the bank's disclosure of a 25.6 per cent improvement in group pre-tax earnings to S$44.5m for the half-year ended June.

The unsecured loan stock issue, which will carry a coupon of 7.25 per cent and will mature in 1992, will be offered to shareholders on the basis of S$1 nominal of loan stock for every two shares held. The conversion price into ordinary shares will be fixed at a premium of 5 per cent above the average of the last dealt prices of OUB shares on each of the trading days from August 2 to August 6.

OUB said that the major shareholders have undertaken to subscribe, or cause to be subscribed for S$55.8m nominal of loan stock, equivalent to 55.5 per cent of the issue.

Pre-tax earnings of the parent bank itself rose by 24.1 per cent to S$35.4m.

The group has declared an unchanged interim gross dividend of 10 per cent.

OUE to raise S$115.5m

A RIGHTS issue is planned by Overseas Union Enterprise, an associate company of the Overseas Union Bank Group with diversified interests in hotel, banking, property and trading. OUE is to raise S$115.5m (US$53.4m)

The rights issue will be made on the basis of one new share for every two shares held at S$3.50 a share, based on its existing capital of S$66.1m.

OUE, which at the same time announced its interim figures, said that 22.6m of the new shares or 68.3 per cent of the issue will be subscribed or cause to be subscribed by its major shareholders.

Group pre-tax profit for the six months ended June rose by 4.7 per cent to S$15.9m while turnover expanded by 13.7 per cent to S$80.85m. The group has declared an interim gross dividend of 15 per cent.

OUE owns the prestigeous Mandarin hotel in Singapore as well as a significant stake in a Singapore bank, Asia Commercial Bank.

Hartogen loses bid to unseat OCA board

By Michael Thompson-Noel

HARTOGEN ENERGY lost its attempt yesterday to unseat the board of Oil Company of Australia. But it revealed it had extended its holding in the energy and gas explorer to 19.78 per cent—a convenient springboard should it decide on a full takeover bid.

Last month, Hartogen lost an initial bid for representation on the OCA board. At the same time, OCA made a defensive placement of 9.99 per cent of its shares with Boral, the building products and gas distribution group.

At an extraordinary general meeting of OCA shareholders yesterday, Hartogen attempted to place four representatives on the OCA board, but was defeated by 32.5m to 17.5m votes. Boral's 8.06m votes clearly made a difference.

WORLD STOCK MARKETS

Early fresh Wall St fall of 8.1

GROWING CONCERN about the outlook for the U.S. economy and interest rates led to a further sharp setback on Wall Street in fairly heavy early trading yesterday.

The Dow Jones Industrial Average, which dipped 10.94 on Wednesday, was 8.08 weaker at 803.75 at 1 pm yesterday. The NYSE All Common Index was down 53 cents more at $61.34, while falls outscored rises by an eight-to-three margin. Turnover amounted to 38.77m shares, exceeding the previous day's 1 pm figure of 34.88m.

Analysts said investors were disappointed by Wednesday's announcement of a higher-than-expected U.S. Treasury refunding programme for the third quarter, which could place renewed upward pressure on interest rates.

President Reagan's statement that he believes he has a right to increase defence spending beyond the levels set by Congress also worried investors, because it could further increase the already large Federal Budget deficit, thus requiring the Treasury to borrow even more funds.

Technology, Oil, Retail and Drug stocks pointed lower, but Rail issues recorded fractional gains.

Volume leader Continental Illinois shed ⅞ to $15⅜ after a 2⅛ drop on Wednesday. Continental Illinois was one of the major lenders to Nucorp, which filed for bankruptcy on Tuesday. The bank has also suffered a second-quarter loss due to its liabilities in connection with the Penn Square Bank failure earlier this month.

Motors declined as the industry continued to suffer from slumping sales. General Motors was off ⅜ to $42⅞, Ford 1⅛ to $22⅛ and Chrysler ¼ to $7⅜.

THE AMERICAN SE Market Value Index fell 2.53 to 247.86 at 1 pm. Volume 2.54m shares (2.13m).

Closing prices for North America were not available for this edition.

Canada

Markets in Canada also continued to weaken in a fairly active trade yesterday morning. The Toronto Composite Index was 7.9 lower at 1,410.1 on volume of 2,085,700 shares at mid-session, with losses outpacing gains by 160 to 86 on the Exchange.

Most active Daon, which on Wednesday said it was talking to its bankers about a restructuring of part of its debt, lost 27 cents to C$1.48.

Transcanada Pipelines resumed at noon at C$18¼, off C$1 after a halt at the opening. A spokesman said the company will lose C$100m a year in cash flow as a result of changes announced by the National Energy Board.

Macmillan Bloedel, off ⅛ at C$18, predicted that the company faced losses in the third quarter after reporting a sharp second quarter loss.

Tokyo

Stocks generally retreated in light trading, sentiment depressed by the sharp setback on Wall Street overnight, the spate of poor U.S. corporate earnings announcements, the yen's steep decline against the U.S. dollar and worries over longer-term prospects for U.S. interest rates.

Investors were also concerned about news that the Finance Ministry is considering a half-point rise in the 10-year National Bond coupon rate, which may lead to a rise in other long-term interest rates by the same margin.

The Nikkei-Dow Jones Average dipped 46.72 to 7,145.87 and the Tokyo SE index 2.84 to 528.65, although there was a decrease in volume to 190m shares from Wednesday's 330m.

Speculatives fell as well as Blue Chips yesterday, with Non-ferrous Metals weakening following the Gold Bullion price retreat.

Nippon Kogaku slipped Y19 to Y667 following news that its consolidated net profits fell 41.5 per cent in the year ended March 31.

Fujitsu lost Y15 to Y750 despite announcing that it has developed what it claims to be the world's smallest and fastest 64-kilobit random access memory chip.

Toyota Motor receded Y16 to Y829, Nippon Electric Y17 to Y745, Matsushita Electric Y16 to Y994, Victor Y80 to Y2,040, Hitachi Y8 to Y553, Canon Y20 to Y748 and Olympus Y18 to Y982.

Hong Kong

The recent downtrend turned into a serious rout yesterday, with signs of near-panic selling showing up among medium to small investors.

Wall Street's sharp fall overnight was a major depressing factor, as were disappointing results at a land auction on Wednesday, the weaker Hong Kong dollar and deepening worries about the Colony's political future.

Dealers noted heavy selling after the Hang Seng index breached the 1,200 level yesterday morning. The index finished 47.27 weaker at 1,185.86, making a fall over the past six business days of 121.88. This is the sharpest one-day decline since last November and the index is now at its lowest level since April 19. Turnover on the four exchanges came to HK$201.17m.

Germany

Bourse prices lost fresh ground over a wide front in nervous trading. The overnight Wall Street fall, a firmer U.S. dollar, worries about the clouded outlook for U.S. interest rates and an easier Domestic Bond market further undermined sentiment. The Commerzbank index ended 4.3 weaker at a new 1982 low of 680.3.

With the thinness of the market exaggerating losses, Commerzbank fell DM 2.40 to DM 130.40 and Bayerische Hypobank DM 2.50 to DM 206 although both reported substantial rises in partial operating earnings for the first half.

Department Stores weathered the downtrend better than most with losses for the majors not exceeding Kaufhof's DM 1 decline. Karstadt, the going favourite of the sector, posted the lightest loss of DM 0.20.

Australia

A combination of gloomy factors pushed share prices broadly lower on low volume, including the overnight Wall Street weakness, a decline in gold and other metal prices and pessimism about the Australian economy.

Also, the Australian dollar slipped to 99 U.S. cents, the first time it has fallen below parity with its U.S. counterpart. The Australian currency's slide means that local interest rates could soar, intensifying pressure on industry and creating further unemployment.

The All Ordinaries index retreated 7.2 more to 463.2, Metals and Minerals 10.5 to 333.6 and Oil and Gas 10.7 to 406.2.

BHP slipped 14 cents to A$6.94, CRA 8 cents to A$3.04, MIM 12 cents to A$2.70, Western Mining 14 cents to A$2.86, Emperor 7 cents to 63 cents, Bougainville 5 cents to A$1.18, Central Norseman Gold 40 cents to A$4.30 and CSR 15 cents to A$2.65.

Paris

A further broad decline occurred in another thin business, attributed to the overnight Wall Street fall and the U.S. dollar's appreciation. Declines outpaced rises in the French section by 138 to 28.

Johannesburg

Although a rally in the Bullion price yesterday in London faltered later in the day, Gold shares recovered some ground on the Johannesburg Exchange in fairly active trading. Randfontein, after opening easier at R57.50, picked up to R60.00, up R1.50 on balance.

Indices

NEW YORK —DOW JONES

	July 28	July 27	July 26	July 23	July 22	July 21	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦ Industr'ls	811.65	822.77	825.44	830.57	832.00	852.19	882.52 (4/1)	788.62 (18/6)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	59.83	59.77	60.06	60.03	59.85	59.52	60.27 (27/5)	55.67 (12/2)	—	—
Transport.	308.00	311.86	315.87	318.35	316.92	318.47	380.46 (7/1)	305.75 (21/6)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities	103.45	104.79	105.99	106.46	107.10	107.86	116.85 (7/5)	103.45 (28/7)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-†	55,850	45,740	37,740	47,280	55,870	66,770	—	—	—	—

♦ Day's high 823.44 low 807.65

	July 23	July 16	July 9	Year ago (Approx)
Indust'l div. yield %	6.73	6.74	6.86	5.83

STANDARD AND POORS

	July 28	July 27	July 26	July 23	July 22	July 21	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	120.74	122.69	125.64	124.52	124.87	124.90	137.28 (4/1)	118.41 (8/3)	160.96 (28/11/80)	3.52 (30/6/32)
§Comp'site	107.72	109.45	110.36	111.17	111.47	111.42	122.74 (4/1)	107.20 (21/6)	140.52 (28/11/80)	4.407 (1/6/32)

	July 21	July 14	July 7	Year ago (approx)
Indust'l div. yield %	5.79	5.84	6.03	4.96
Indust'l P/E ratio	7.80	7.79	7.54	9.10
Long Gov. Bond yield	13.07	13.49	13.82	13.65

NY. S.E. ALL COMMON

July 28	July 27	July 26	July 25	1982 High	1982 Low
61.87	62.84	63.35	63.80	71.20 (4/1)	61.70 (7/7)

Rises and Falls

	July 28	July 27	July 26
Issues Traded	1,850	1,833	1,859
Rises	263	482	466
Falls	1,248	893	975
Unchanged	339	458	418
New Highs	14	16	20
New Lows	111	72	51

MONTREAL

	July 28	July 27	July 26	July 23	1982 High	1982 Low
Industrials	260.35	265.86	265.53	265.38	332.79 (4.1)	249.68 (21/6)
Combined	247.41	250.15	251.59	251.85	316.06 (4.1)	237.27 (21/6)
TORONTO Composite	1418.0	1441.6	1454.0	1454.8	1958.3 (4.1)	1352.2 (7/7)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Wall Mart	2,059,900	25⅝	−⅝	Xerox	671,400	29⅝	−⅜
Wstn. N. Amer.	1,012,000	10⅝	+1	Exxon	516,100	26⅝	−⅜
Kerr McGee	957,000	26¾	−2⅞	Am. Airlines	452,300	15	−⅜
RCA	738,300	18	−⅞	Contl. Illinois	446,400	16½	−1⅞
IBM	675,300	64⅞	−⅝	Hewlett-Pack'rd	431,000	42⅞	−⅝

	July 29	July 28	July 27	July 26	1982 High	1982 Low
AUSTRALIA						
All Ord. (1/1/80)	463.2	470.4	475.8	478.2	595.5 (4/1)	443.2 (8/7)
Metal & Minls. (1/1/80)	333.6	344.3	355.9	361.5	425.1 (6/1)	299.0 (8/7)
AUSTRIA						
Credit Aktien (2/1/62)	48.85	48.88	49.04	49.05	56.96 (4/1)	48.80 (28/6)
BELGIUM						
Belgian SE (31/12/63)	93.52	95.63	95.66	95.24	102.45 (5/4)	86.42 (20/1)
DENMARK						
Copenhagen SE (1/1/73)	111.21	111.13	110.54	109.99	128.22 (25/2)	109.0 (12/7)
FRANCE						
CAC General (31/12/81)	97.4	98.6	98.4	99.9	111.6 (12/5)	95.6 (4/1)
Ind Tendance (31/12/81)	110.4	111.4	113.9	114.1	124.8 (12/5)	97.7 (4/1)
GERMANY						
FAZ-Aktien (31/12/58)	225.74	224.72	225.77	226.80	238.45 (5/4)	218.36 (18/1)
Commerzbank (Dec 1953)	680.3	684.6	686.6	686.5	728.8 (5/4)	680.3 (29/7)
HOLLAND						
ANP-CBS General (1970)	85.8	87.1	87.4	87.7	95.0 (10/6)	84.9 (6/1)
ANP-CBS Indust (1970)	67.4	68.3	68.5	69.0	74.8 (10/6)	65.2 (4/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1185.86	1233.13	1264.47	1271.12	1445.32 (12/1)	1128.85 (8/3)
ITALY						
Banca Comm Ital. (1972)	158.45	160.88	156.38	152.25	212.86 (18/3)	147.25 (22/7)
JAPAN**						
Dow Average (16/5/49)	7145.87	7192.59	7198.04	7203.94	7929.55 (27/1)	6889.55 (17/3)
Tokyo New SE (4/1/68)	528.65	531.49	532.26	532.87	565.29 (27/1)	520.23 (8/7)
NORWAY						
Oslo SE (1/1/72)	116.12	115.75	117.12	117.45	138.59 (26/1)	109.12 (1/4)
SINGAPORE						
Straits Times (1966)	675.38	682.96	684.94	687.60	810.76 (8/1)	666.17 (20/7)
SOUTH AFRICA						
Gold (1958)	(u)	405.1	419.2	432.3	568.3 (5/1)	358.5 (8/7)
Industrial (1958)	(u)	558.3	561.0	562.0	711.7 (6/1)	507.5 (28/6)
SPAIN						
Madrid SE (30/12/81)	85.16	82.59	81.45	(c)	107.45 (8/2)	86.61 (15/7)
SWEDEN						
Jacobson & P. (1/1/58)	622.59	622.24	618.56	615.55	658.52 (22/1)	563.32 (29/4)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	242.82	243.8	244.2	246.2	285.1 (11/1)	237.40 (7/7)
WORLD						
Capital Intl. (1/1/70)	—	125.4	127.0	128.5	147.2 (4/1)	123.5 (7/7)

(**) Saturday, July 24: Japan Dow 7,230.01. TSE 534.07.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

Markets unsettled by weakness on Wall Street
Share index down 5.5 at 556.4—ICI disappoints

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 19	July 29	July 30	Aug 9
Aug 2	Aug 12	Aug 13	Aug 23
Aug 16	Sept 2	Sept 3	Sept 13

* New-time dealings may take place from 9.30 am two business days earlier.

ICI's disappointing interim figures and the none-too encouraging statement on trading had little impact on stock market sentiment, yesterday's falls in leading shares mainly reflecting the poor overnight performance on Wall Street.

The continued absence of the widely expected cuts in base lending rates also tended to dampen enthusiasm and prompted dealers to mark the industrial leaders lower at the outset. Quotations rallied from the worst but the movement soon ran out of steam with investors showing little interest at the reduced levels, and prices subsequently drifted lower again.

Measuring the tone, the FT 30-share index recorded a loss of 6.3 at the 10 am calculation; the fall was reduced to 4.4 an hour later, but the index closed only slightly above the day's lowest at 556.4, down 5.5 on balance. At yesterday's close, this measure of the market was showing a four-day loss of nearly 22 points, but so far virtually no change on the two-week trading Account which ends tomorrow.

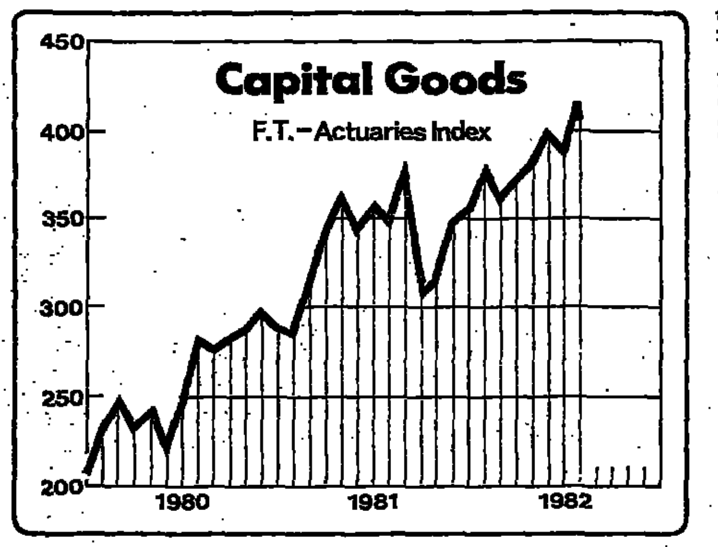
Among the index constituents, ICI fell to 292p after the statement before ending a net 6 down at 286p, while Beecham, still reflecting the chairman's warning on the group's growth rate, eased 5 more to 285p. Against the trend, Glaxo advanced 12 to 740p in anticipation of the group's reply to recent criticism of its Zantac drug.

Gilt-edged securities put on another basically sound performance. Conditions initially were looking a little uncertain following news of the record U.S. Treasury borrowing needed for the third quarter, which gave rise to doubts about the recent fall in transatlantic interest rates. But opening losses ranging to around ½ at the long end of the market were usually reduced by about an ¼ as confidence revived following further reductions across the board in money market intervention rates. The Government Securities index eased 0.18 to 72.23.

Banks quiet

Awaiting today's interim results from Midland and the expected further reductions in base lending rates, the major clearing banks traded quietly and closed mixed. Hire Purchases drifted lower on profit-taking and lack of fresh support. Elsewhere, dealings in Westland/Utrecht Hypotheebank were suspended at £14½ following the same action on the Amsterdam bourse.

Yesterday saw the debut of communications concern Multitone Electronics; the shares, offered for sale by tender at a minimum price of 120p per share, opened at 153p and, in active trading, touched 164p before closing at 162p compared with the striking price of 142p.



Allied-Lyons attracted renewed institutional support and closed a couple of pence to the good at 108p. Other Breweries, however, drifted to lower levels in the absence of interest. Whitbread, still unsettled by the proposed purchase of Nabisco Brands' wine and spirit division, eased 2 to 113p, after 112p.

Recently firm leading Buildings closed easier for choice on end-Account influences and lack of interest. Barratt Developments, a particularly good market of late on interest rate optimism, gave up 5 to 292p on profit-taking, while Costain, which had made useful progress earlier in the week, shed 6 to 242p with the Deferred the same amount down at 232p. Montague L. Meyer lost a penny to 63p following the successful merger with International Timber, unchanged at 92p; dealings in the new company, Meyer International, are expected to start next Monday. Elsewhere, the increased preliminary profits and dividend prompted a gain of 6 to 342p in J. Jarvis.

Standing a shade easier awaiting the interim results, ICI reacted to 292p on the announcement of profits at the lower end of the range and the chairman's none-too-optimistic statement before steadying to close 6 down on balance at 286p. Among other Chemicals, Plysu, at 123p, relinquished 4 of the previous day's speculative gain of 9.

Dixons below best

Stores continued to lack impetus and the leaders finished with modest falls. Marks and Spencer gave up 3 to 166p, as did Gussies A, 510p and Debenhams, 79p. Woolworth eased 1½ for a two-day fall of 3 at 47p; the first-half results are scheduled for August 11. Dixons Photographic announced the expected increase in preliminary profits, but enthusiasm was tempered by the uncertain outlook and, after touching 183p, the shares reacted to close only a penny to the good on balance at 176p. Support was also noted for Combined English, 2 up at 29p, and for Tern-Consulate, 5 dearer at 53p, the latter following favourable Press comment. Forminster added a penny to 108p after the annual figures.

Leading Electricals succumbed to the dull trend. Plessey lost 5 to 525p as did Racal, to 485p, while BICC cheapened 4 to 303p. Reflecting the successful market debut of Multitone Electronics, Air Call, dealt in the Unlisted Securities Market, rose 15 more to 330p. Eurotherm gave up 17 to 458p.

Conditions in the Engineering sector remained nervous and sensitive. Recent talk of a leading company being in financial difficulties continued to cloud sentiment and yesterday's poor half-year results from F. Pratt gave the sector a further knock; the interim dividend omission and increased first-half deficit left F. Pratt 6 down at 57p. Poor preliminary results prompted a fall of 4 to 55p in Wyndham and Acrow A cheapened 2 to 29p on further consideration of the interim figures. Against the trend, Associated Tooling moved up 4 to 60p in response to the higher annual earnings. The leaders remained friendless. TI closed unaltered at 92p, but British Aluminium softened 2 to 38p.

S. and W. Berisford touched 139p before settling a penny dearer on balance at 137p following the Secretary for Trade's decision not to refer the company's 470p per share bid for British Sugar to the Monopolies Commission; British Sugar closed unaltered at 460p, after 465p, in the wake of the chairman's advice to shaerbolders to take no action on the offer. Other Food issues generally drifted easier. Fitch Lovell touched 86p following the preliminary results before reverting to the overnight level of 84p, while Singlo added a penny to 37½p in response to the increased annual profits and proposed one-for-ten scrip issue.

A gloomy day in the miscellaneous industrial leaders was enlivened somewhat in the late dealings by a jump in Glaxo from 725p to 740p, for a net gain of 12 as buyers appeared ahead of the company's expected reply in the Lancet to recent medical criticism of its Zantac anti-ulcer drug. Beecham, which retreated late on Wednesday following the chairman's cautious remarks at the AGM, gave up 5 further to 285p. Unfavourable reports emanating from a recent investment analysts visit to the company induced selling of Pilkington which touched 185p before closing 8 down at 190p. Unilever gave up 10 to 615p, Reed International declined 6 to 300p and Bowater relinquished 5 to 200p.

Press comment forecasting a much higher offer from Sunlight Services helped Johnson Group Cleaners to advance 11 to 285p. PH Industrials improved a few pence to 47p on the better-than-expected results, while Jacksons Bourne End improved 5 to 173p, also after trading news. Pauls and Whites responded to the chairman's encouraging AGM remarks and gained 5 to 230p, while Maurice James improved 2 on Press comment to 31p, after 32p. Renewed speculative support in the wake of the recent excellent results left Fobel International up 4½ more at 38p. Vinten revived with a gain of 9 to 273p but Prestige lost 6 to 168p on the interim figures. Fisons fell 12 to 378p in sympathy with ICI's disappointing statement, while Howard Tenens cheapened 3 to 57p awaiting today's annual results.

Trident TV A remained an erratic market awaiting the Playboy gaming licence appeal decision and reacted to 68p before closing a net 3 off at 69p; the announcement that the appeal had been lost came too late to affect the market.

Properties, which held up well in Tuesday's sharp setback, succumbed to scrappy selling. Land Securities lost 5 to 265p, but MEPC, down to 186 at one stage, picked up to close just a penny down on balance at 189p. Great Portland Estates gave up 4 to 160p and Hammerson A 10 to 550p.

Oils subdued

Enthusiasm for Oils was again lacking and quotations drifted lower in the absence of support, Shell losing 6 to 392p and British Petroleum 4 to 262p. Elsewhere, Sun UK, at 105p, gave up 5 of its recent speculative gain, but KCA International met fresh support and added 3 for a two-day gain of 5 at 75p. Global Natural Resources touched 765p following reports that a dissident faction, co-ordinated by New York brokers Bear Stearns, was encouraging a bid for the company from a third party; the shares closed 10 down on balance at 735p on Canadian influences.

Overseas Traders attracted a relatively brisk, if selective, business. Gill and Duffus became particularly active and closed 6 lower at 118p, while Inchcape eased 7 to 293p, the latter following the chairman's statement at the annual meeting. Lonrho finished a penny harder at 87p; the interim results are due next Thursday.

Investment Trusts reflected the easier tone elsewhere in equities and closed with small falls. Among Financials, S. Pearson eased 4 for a two-day loss of 9 at 266p.

Shippings trended to lower levels, where altered. P & O Deferred closed 3 off at 153p, although John I. Jacobs retained the overnight level of 36p following the interim statement. Gotaas-Larsen gave up 10 to 220p; the price in yesterday's issue was incorrect.

Golds mixed

Gold shares were mixed in the absence of a clear lead from the bullion price. The metal opened $10 lower at $336, rallied to $342.5 by the afternoon fix and closed a net $6.50 down at $340.

After sharp initial mark-downs, the heavyweight gold shares recorded one or two good rises, as in Randfontein Estates, up £1¾ to £26¼, and Kloof, ½ better at £13⅞, but St Helena lost ⅜ to £11⅝.

Among the medium and lower-priced issues, Libanon ended 27 to the good at 802p, but Durban Deep gave up 23 to 836p and Unisel closed 12 down at 432p.

The declines outweighed rises overall, and the Gold Mines index eased 0.6 to 231.1.

Platinums were generally a shade weaker, with Lydenburg down 5 to 110p and Rustenburg 2 off at 146p, but Impala moved up 2 to 232p.

Johnnies moved into line with the recent declines among South African Financials with a fall of a point to £29. Losses elsewhere took in one of ½ to £31¼ in Amgold, with UC Investments closing 30 down at 490p and Middle Wits giving up 10 to 400p. Gold Fields of South Africa actually edged up a fraction, closing ¼ to the good at £31¼.

Light local selling saw Rio Tinto-Zinc decline 5 to 398p, Gold Fields 3 to 395p and Charter 2 to 183p.

Reduced demand for Traded Options, usual for the day following the expiry of a series, saw 1,760 contracts done—1,236 calls and 524 puts. Commercial Union and Lonrho attracted 194 and 151 calls respectively. ICI were relatively active in the wake of the interim results and in an evenly-balanced business recorded 287 calls, 231 in October 300's, and 176 puts.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	68	20
Corpn., Dom. and Foreign Bonds	4	12	59
Industrials	75	339	917
Financial and Props.	22	182	307
Oils	16	41	51
Plantations	2	5	15
Mines	29	56	74
Others	14	62	77
Totals	165	765	1,520

FINANCIAL TIMES STOCK INDICES

	July 29	July 28	July 27	July 26	July 25	July 22	A year ago
Government Secs.	72.23	72.39	72.34	72.28	72.66	72.46	64.21
Fixed Interest	73.00	73.11	73.01	73.01	72.90	72.82	66.31
Industrial Ord.	556.4	561.9	561.5	573.3	578.2	573.2	525.9
Gold Mines	231.1	231.7	248.2	251.4	252.8	248.2	314.4
Ord. Div. Yield	5.26	5.37	5.37	5.30	5.29	5.37	6.00
Earnings, Yld.% (full)	11.28	11.31	11.30	11.16	11.16	11.34	11.50
P/E Ratio (net) (*)	10.70	10.72	10.73	10.87	10.86	10.68	10.90
Total bargains	15,694	15,253	16,522	16,793	16,984	15,921	14,030
Equity turnover £m.	—	100.16	115.95	144.80	156.91	132.51	78.44
Equity bargains	—	11,070	12,275	13,817	12,718	12,280	10,041

10 am 555.6. 11 am 557.5. Noon 557.1. 1 pm 556.8.
2 pm 555.6. 3 pm 555.8.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/56. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.99.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.66 (23/7)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	73.11 (28/7)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	181.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 28	July 27
—Daily Gilt Edged Bargains	188.2	204.6
Equities Bargains	71.7	79.5
Value	202.4	234.4
5-day Avrge. Gilt-Edged Bargains	208.7	213.9
Equities Bargains	80.5	83.9
Value	252.9	276.8

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	45	40	Anglo-Nordic 5p	44	......	b0.89	2.0	2.9	24.8
¶¶	F.P.	—	82½	75	Antofagasta Hldgs(£1)	78	+5	7.0	3.6	12.8	2.4
¶¶	—	30/7	18	11	Argyll Foods Warr'ts	17	......	—	—	—	—
¶¶	F.P.	—	48	41	Argyle Trust	44	......	—	—	—	—
§45	F.P.	—	46	42	Atlantis Res. Int.	43	......	—	—	—	—
46	F.P.	30/7	55	50	Bairstow Eves 5p	55	......	b1.61	2.5	4.2	16.5
35	F.P.	—	60	44	✠Bio-Isolates 10p	49	......	—	—	—	—
§58	F.P.	30/7	59	52	✠Dencora	55	......	—	—	—	—
§50	F.P.	28/6	182	140	✠Druck Hldgs.	182	+5	b2.3	2.5	1.8	31.6
—	F.P.	29/11	108	102	✠Ecobric New Ord£1	104	......	bd10.5	1.8	14.4	4.6
—	F.P.	—	63	62	✠ Do. Defd	62	......	—	—	—	—
§60	F.P.	6/8	60	52	✠Knight Cmptr Int5p	52	......	bd1.6	2.0	4.4	16.6
§137	F.P.	30/7	195	150	✠McCarthy & Stone	190	......	b5.75	2.7	4.3	11.4
§105	F.P.	2/7	121	110	✠Miles 33 10p	120	......	ud2.0	4.3	2.4	10.4
¶120	F.P.	—	164	153	Multitone Elect.	162	......	u2.52	3.4	2.2	14.4
600	F.P.	2/7	630	595	Oriflame SA (US$1.50)	630	......	bQ50c	3.2	4.4	10.1
§150	F.P.	13/8	155	150	✠Oilfield Insp. Srvc.	155	......	u2.1	3.7	2.0	17.4
—	F.P.	—	25	21	RIT & NorthernWar'ts	21	......	—	—	—	—
77	F.P.	14/7	97	88	✠Radio City 'A' NV	96	......	b5.6	1.5	8.3	11.2
¶¶	F.P.	—	38½	38	Rowe Evans Inv. 10p	38	......	—	—	—	20.3
140	F.P.	29/6	186	150	✠Ruddle (G.) 10p	180	......	b3.3	2.6	2.6	20.0
¶¶	F.P.	—	44	37½	Walker (Alfred) 10p	38½	......	b0.75	6.3	2.8	7.2
—	F.P.	—	36	31	✠Yelverton Invs. 5p	31	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	60p	52p	Antofagasta 3.5% Pref.(£1)	52p	......
99.528	£20	—	21¼	21¼	Australia 13¾% Ln. 2010	21¼	......
§100	F.P.	26/8	102½	100½	BournemouthWaterW% Red. Prf. 8789	102½	......
§100	F.P.	28/7	100½	95	Cronite 14% Cnv. Uns. Ln.'82	95	......
98.55	£25	8/10	29½	24½	Midland Bk. 14% Sub. Uns. Ln. 2002-07	27½	−¼
100	F.P.	—	101	99⅞	Nationwide Bdg. Soc. 14% 4/7/83	101	......
100	F.P.	—	100½	100½	Do. 13½% (25/7/83)	100½	......
99.346	£25	—	28½	[illegible]	New Zealand 14% 1987	28½	......
100	F.P.	25/7	107p	97p	Roxprint 11% Cum. Conv. Red. Pref.	97p	......
IRE1	F.P.	—	82	82	Smurfit Jefferson Prof. Units 2p	82	......
¶100	£10	17/11	13½	13½	West Kent Water 8% Red. Pref. 87-89	13½	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −
166	F.P.	13/5 24/6	190	188	Applied Computer Tech.	205	......
170	F.P.	13/5 24/6	190	160	Bank Leumi UK £1	185	......
103	Nil	6/8 17/9	19pm	18pm	Blundell-Permoglaze	15pm	−3
25	Nil	29/7 26/8	1½pm	1pm	Cronite	1pm	......
78	Nil	2/8 17/9	8pm	5pm	Goal Pet. 5p	6pm	......
174	F.P.	18/6 30/7	258	218	Grand Met 50p	250	−3
25	F.P.	21/6 3/8	25½	24	Jenks & Cattell	25	......
65	F.P.	30/7 20/8	81	73	Minster Assets	77½	......
50	F.P.	24/6 13/8	62	58	Press (Wm.) 10p	60	−1
335	F.P.	17/6 30/7	445	380	Saatchi & Saatchi 10p	415	......
215	F.P.	5/7 13/8	282	265	Sketchley	282	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. i Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Φ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barratt Developments	292	−5	ICI	286	−6
Berisford (S. and W.)	137	+1	Johnson Cleaners	285	+11
Dixons Photographic	176	+1	Land Securities	265	−5
Fobel International	38	+4½	MEPC	189	−1
Gill and Duffus	118	−6	Multitone Electronics	162	—
Glaxo	740	+12	Pilkington	190	−8

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
De La Rue	11	475	−30	Plessey	10	530	+5
Midland Bank	11	330	+4	Racal Electr'cs	9	490	+5
NatWest Bank	11	445	+5	Western Mining	9	168	−10
Trident TV "A"	11	72	+3	BAT Industries	8	447	—
Barclays Bank	10	395	—	Beecham	8	290	−8
Glaxo	10	728	−2	BP	8	266	−2
Lloyds Bank	10	415	—	C. & Wireless	8	265	+3

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Thur July 29 1982	Index No.	Day's Change %	Est. Earnings Yield % (Max.) (ACT at 30%)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed July 28 Index No.	Tues July 27 Index No.	Mon July 26 Index No.	Fri July 23 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (209)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (67)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (202)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (76)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Thur July 29	Day's change %	Wed July 28	xd adj. today	xd adj. 1982 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Thur July 29	Wed July 28	Year ago (approx.)
British Government			
1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2 Low Coupons 15 years	[illegible]	[illegible]	[illegible]
3 Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5 Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6 Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]
8 High Coupons 15 years	[illegible]	[illegible]	[illegible]
9 High Coupons 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]
11 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12 Debs & Loans 15 years	[illegible]	[illegible]	[illegible]
13 Debs & Loans 25 years	[illegible]	[illegible]	[illegible]
14 Preference	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (13)

BRITISH FUNDS (1)
Treasury 12pc 1987

LOANS (1)
FFI 7¼pc Deb. A 91/94

CHEMICALS (1)
Ellis & Everard

STORES (1)
Dewhirst

ELECTRICALS (2)
Air Call; Farnell Elect.

FOODS (1)
Home Farm

INDUSTRIALS (4)
Fobel; James (M.); Pauls and Whites; P.H. Industrials

NEWSPAPERS (1)
Portsmouth and Sunderland

SHIPPING (1)
Sea Containers

NEW LOWS (59)

AMERICANS (5)
Colgate-Palmolive; Fluor Corp.; Simplicity Patterns; Sperry Corp.; Texaco

CANADIANS (1)
Intnl. Nat. Gas

BANKS (1)
Joseph (Leo.)

STORES (1)
Ladies Pride

ENGINEERING (7)
Acrow A; Brotherhood (P.); Danks Gowerton; Folkes Hefo N/V; Hall Engg.; Ley's Foundries; 600 Group

FOODS (3)
Cullen's; Cullen's A; Danish Bacon A

INDUSTRIALS (11)
Continental Grp.; Dalgety; Eastern Produce; Fenner (J. H.); Francis Inds.; Holt Lloyd Intnl.; L.C.P.; Low and Bonar; Rank Organisation; Stonehill; Trident Computer

INSURANCE (2)
Alexander and Alexander; Bremnall Beard

MOTORS (4)
AE; Dunlop; Woodhead (J.); Jessups

PROPERTY (4)
Daon Dev. Corp.; Pennine Comm.; Sarakreek; Westminster Prop.

TEXTILES (1)
Ingram (H.)

TRUSTS (6)
City and For. Inv.; Scottish Cities; Crescent Japan; Viking Res.; New Throg. New W.; Wemyss Inv.

OILS (6)
Cambridge Pet.; Jebsens Drilling; Cie Fr. Petroles B; Palliser Res.; Goal Pet.; Steaua Romana

RUBBERS (2)
Barlow Hldgs.; Highlands

MINES (5)
Ayer Hitam; Leichardt Expln.; Kamunting; Paringa M. & Expln.; Malaysia Mining

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 26	Aug 6	Oct 28	Nov 8
Aug 9	Aug 20	Nov 11	Nov 22
Aug 23	Sept 3	Nov 25	Dec 6

For rate indications see end of Share Information Service

Calls were taken out in Bio-Isolates, Acrow A, Mersey Docks, First National Finance, Lonrho, Marks and Spencer, Turner and Newall, Johnson and Firth Brown, ICL, Lasmo, TI, Fobel International, William Leech, Black and Edgington, Trident TV A and UDS. A put was arranged in Beecham, while doubles were struck in First National Finance and Johnson Group Cleaners.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 28, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	[illegible]	[illegible]
Albania	[illegible]	[illegible]
Algeria	[illegible]	[illegible]
Andorra	[illegible]	[illegible]
Angola	[illegible]	[illegible]
Antigua	[illegible]	[illegible]
Argentina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Austria	[illegible]	[illegible]
Azores	[illegible]	[illegible]
Bahamas	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]
Balearic Is.	[illegible]	[illegible]
Bangladesh	[illegible]	[illegible]
Barbados	[illegible]	[illegible]
Belgium	[illegible]	[illegible]
Belize	[illegible]	[illegible]
Benin	[illegible]	[illegible]
Bermuda	[illegible]	[illegible]
Bhutan	[illegible]	[illegible]
Bolivia	[illegible]	[illegible]
Botswana	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Brunei	[illegible]	[illegible]
Bulgaria	[illegible]	[illegible]
Burma	[illegible]	[illegible]
Burundi	[illegible]	[illegible]
Cameroon Rp.	[illegible]	[illegible]
Canada	[illegible]	[illegible]
Canary Is.	[illegible]	[illegible]
Cape Verde Is.	[illegible]	[illegible]
Cayman Is.	[illegible]	[illegible]
Cen. Afr. Rep.	[illegible]	[illegible]
Chad	[illegible]	[illegible]
Chile	[illegible]	[illegible]
China	[illegible]	[illegible]
Colombia	[illegible]	[illegible]
Comoros	[illegible]	[illegible]
Congo (Brazzaville)	[illegible]	[illegible]
Costa Rica	[illegible]	[illegible]
Cuba	[illegible]	[illegible]
Cyprus	[illegible]	[illegible]
Czechoslovakia	[illegible]	[illegible]
Denmark	[illegible]	[illegible]
Djibouti Rp. of	[illegible]	[illegible]
Dominica	[illegible]	[illegible]
Dominican Rep.	[illegible]	[illegible]
Ecuador	[illegible]	[illegible]
Egypt	[illegible]	[illegible]
El Salvador	[illegible]	[illegible]
Eq'tl Guinea	[illegible]	[illegible]
Ethiopia	[illegible]	[illegible]
Faeroe Is.	[illegible]	[illegible]
Falkland Is.	[illegible]	[illegible]
Fiji Is.	[illegible]	[illegible]
Finland	[illegible]	[illegible]
France	[illegible]	[illegible]
Fr. Cty in Af.	[illegible]	[illegible]
Fr. Guiana	[illegible]	[illegible]
Fr. Pac. Is.	[illegible]	[illegible]
Gabon	[illegible]	[illegible]
Gambia	[illegible]	[illegible]
Germany (E)	[illegible]	[illegible]
Germany (W)	[illegible]	[illegible]
Ghana	[illegible]	[illegible]
Gibraltar	[illegible]	[illegible]
Greece	[illegible]	[illegible]
Greenland	[illegible]	[illegible]
Grenada	[illegible]	[illegible]
Guadaloupe	[illegible]	[illegible]
Guam	[illegible]	[illegible]
Guatemala	[illegible]	[illegible]
Guinea Rep.	[illegible]	[illegible]
Guinea Bissau	[illegible]	[illegible]
Guyana	[illegible]	[illegible]
Haiti	[illegible]	[illegible]
Honduras Rep.	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]
Hungary	[illegible]	[illegible]
Iceland	[illegible]	[illegible]
India	[illegible]	[illegible]
Indonesia	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Iraq	[illegible]	[illegible]
Irish Rep.	[illegible]	[illegible]
Israel	[illegible]	[illegible]
Italy	[illegible]	[illegible]
Ivory Coast	[illegible]	[illegible]
Jamaica	[illegible]	[illegible]
Japan	[illegible]	[illegible]
Jordan	[illegible]	[illegible]
Kampuchea	[illegible]	[illegible]
Kenya	[illegible]	[illegible]
Kiribati	[illegible]	[illegible]
Korea (Nth)	[illegible]	[illegible]
Korea (Sth)	[illegible]	[illegible]
Kuwait	[illegible]	[illegible]
Lao P'ple D. Rep.	[illegible]	[illegible]
Lebanon	[illegible]	[illegible]
Lesotho	[illegible]	[illegible]
Liberia	[illegible]	[illegible]
Libya	[illegible]	[illegible]
Liechtenstein	[illegible]	[illegible]
Luxembourg	[illegible]	[illegible]
Macao	[illegible]	[illegible]
Madagascar D. R.	[illegible]	[illegible]
Madeira	[illegible]	[illegible]
Malawi	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]
Maldive Is.	[illegible]	[illegible]
Mali Rp.	[illegible]	[illegible]
Malta	[illegible]	[illegible]
Martinique	[illegible]	[illegible]
Mauritania	[illegible]	[illegible]
Mauritius	[illegible]	[illegible]
Mexico	[illegible]	[illegible]
Miquelon	[illegible]	[illegible]
Monaco	[illegible]	[illegible]
Mongolia	[illegible]	[illegible]
Montserrat	[illegible]	[illegible]
Morocco	[illegible]	[illegible]
Mozambique	[illegible]	[illegible]
Namibia	[illegible]	[illegible]
Nauru Is.	[illegible]	[illegible]
Nepal	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]
Neth. Ant'les	[illegible]	[illegible]
New Zealand	[illegible]	[illegible]
Nicaragua	[illegible]	[illegible]
Niger Rp.	[illegible]	[illegible]
Nigeria	[illegible]	[illegible]
Norway	[illegible]	[illegible]
Oman, Sultanate of	[illegible]	[illegible]
Pakistan	[illegible]	[illegible]
Panama	[illegible]	[illegible]
Papua N.G.	[illegible]	[illegible]
Paraguay	[illegible]	[illegible]
Philippines	[illegible]	[illegible]
Pitcairn Is.	[illegible]	[illegible]
Poland	[illegible]	[illegible]
Portugal	[illegible]	[illegible]
Port Timor	[illegible]	[illegible]
Puerto Rico	[illegible]	[illegible]
Qatar	[illegible]	[illegible]
Reunion Ile de la	[illegible]	[illegible]
Romania	[illegible]	[illegible]
Rwanda	[illegible]	[illegible]
St. Christopher	[illegible]	[illegible]
St. Helena	[illegible]	[illegible]
St. Lucia	[illegible]	[illegible]
St. Pierre	[illegible]	[illegible]
St. Vincent	[illegible]	[illegible]
Samoa (Western)	[illegible]	[illegible]
Samoa (Am.)	[illegible]	[illegible]
San Marino	[illegible]	[illegible]
Sao Tome & Principe DR	[illegible]	[illegible]
Saudi Arabia	[illegible]	[illegible]
Senegal	[illegible]	[illegible]
Seychelles	[illegible]	[illegible]
Sierra Leone	[illegible]	[illegible]
Singapore	[illegible]	[illegible]
Solomon Is.	[illegible]	[illegible]
Somali Rep.	[illegible]	[illegible]
South Africa	[illegible]	[illegible]
Spain	[illegible]	[illegible]
Span. Ports in N. Africa	[illegible]	[illegible]
Sri Lanka	[illegible]	[illegible]
Sudan Rep.	[illegible]	[illegible]
Surinam	[illegible]	[illegible]
Swaziland	[illegible]	[illegible]
Sweden	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]
Syria	[illegible]	[illegible]
Taiwan	[illegible]	[illegible]
Tanzania	[illegible]	[illegible]
Thailand	[illegible]	[illegible]
Togo Rep.	[illegible]	[illegible]
Tonga Is.	[illegible]	[illegible]
Trinidad & Tobago	[illegible]	[illegible]
Tunisia	[illegible]	[illegible]
Turkey	[illegible]	[illegible]
Turks & Caicos	[illegible]	[illegible]
Tuvalu	[illegible]	[illegible]
Uganda	[illegible]	[illegible]
Utd. A. Emir.	[illegible]	[illegible]
Utd. Kingdom	[illegible]	[illegible]
Upper Volta	[illegible]	[illegible]
Uruguay	[illegible]	[illegible]
U.S.S.R.	[illegible]	[illegible]
Vanuatu	[illegible]	[illegible]
Vatican	[illegible]	[illegible]
Venezuela	[illegible]	[illegible]
Vietnam	[illegible]	[illegible]
Virgin Is. Br.	[illegible]	[illegible]
Virgin Is. U.S.	[illegible]	[illegible]
Yemen	[illegible]	[illegible]
Yemen PDR	[illegible]	[illegible]
Yugoslavia	[illegible]	[illegible]
Zaire Rp.	[illegible]	[illegible]
Zambia	[illegible]	[illegible]
Zimbabwe	[illegible]	[illegible]

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, Exporters, Tourists. (2) Paraguay operates a two-tier system. [illegible] (3) Malawi—devalued June 28, 1982. (4) Ecuador—devalued by 32 per cent. May 14, 1982. (5) Chile—devalued June 14, to be adjusted downwards by 0.8 per cent monthly for the next 12 months. (6) Greece—devalued by 3.2 per cent. June 15. (7) Portugal—devalued by 3.5 per cent. June 16. (8) Turkey—devalued June 14. (9) Argentina adopts two-tier system (9) commercial, fixed daily for imports and exports; (h) all other transactions set by market.

CURRENCIES and MONEY

Dollar nervous

The dollar moved nervously in subdued foreign exchange trading, as Eurodollar interest rates lost early gains to finish little changed on the day. Doubts about the direction of U.S. interest rates following the announcement of a record $50.5bn Treasury borrowing requirement in the third quarter, and the recent firming of the Federal funds overnight rate to about 11¾ per cent, tended to prevent any sharp fall by the U.S. currency.

Sterling was little changed despite expectations of further cuts in U.K. banks base lending rates.

DOLLAR — Trade-weighted index (Bank of England) 120.1 against 119.6 on Wednesday, and 109.8 six months ago. Three-month Treasury bills 10.52 per cent (12.23 per cent six months ago). Annual inflation rate 7.1 per cent (6.7 per cent previous month)—The dollar rose to DM 2.4550 from DM 2.4510 against the D-mark; to FFr 6.82 from FFr 6.810 against the French franc; to SwFr 2.0890 from SwFr 2.0790 in terms of the Swiss franc; and to Y255.25 from Y255.10 against the yen.

STERLING — Trade-weighted index 91.4 against 91.3 at noon and in the morning, 91.4 at the previous close, and 91.7 six months ago. Three-month interbank 12 per cent (14½ per cent six months ago). Annual inflation 9.2 per cent (9.5 per cent previous month)—The pound was unchanged at DM 4.2750, but fell to FFr 11.87 from FFr 11.88; and to Y444.50 from Y445. It rose to SwFr 3.6350 from SwFr 3.6250. Sterling weakened to $1.7400-1.7410, against the dollar, a fall of 35 points on the day.

D-MARK — EMS member (second weakest). Trade-weighted index 125.4 against 125.5 on Wednesday, and 121.8 six months ago. Three-month interbank 9.375 per cent (10.30 per cent six months ago). Annual inflation 5.7 per cent (5.8 per cent previous month)—The dollar eased slightly in fairly quiet Frankfurt trading following the decision of the Bundesbank council to leave credit policies unchanged. The currency fixing session took place before any announcement was made from the council meeting, and at the time of the fixing the dominant factor was the record third quarter U.S. Treasury borrowing requirement. This pushed the dollar up to DM 2.4543 from DM 2.4397, but by late afternoon the U.S. currency had eased back to DM 2.4485. The German central bank did not intervene at the fixing. Sterling rose to DM 4.2690 from DM 4.2620, but the Swiss franc fell to DM 1.1782 from DM 1.1822. Within the EMS the French franc fell to DM 35.92 per 100 francs from DM 35.94.

FRENCH FRANC—EMS member (second strongest). Trade-weighted index 74.1 against 74.2 on Wednesday, and 80.0 six months ago. Three-month interbank 14½ per cent (15⅛ per cent six months ago). Annual inflation 13.5 per cent (13.8 per cent previous month) — The French franc was quite firm at the Paris fixing, but lost ground to the dollar and sterling. The U.S. currency rose to FFr 6.8360 from FFr 6.7975, and the pound to FFr 11.8840 from FFr 11.8590. The Swiss franc fell to FFr 3.2776 from FFr 3.2875. Within the EMS the D-mark was unchanged at FFr 2.7845, and the Danish krone rose to FFr 80.24 per 100 krone from FFr 80.16.

JAPANESE YEN — Trade-weighted index 132.3 against 132.6 on Wednesday, and 141.2 six months ago. Three-month bills 7.28125 per cent (6.59375 per cent six months ago). Annual inflation 2.3 per cent (2.8 per cent previous month)—The yen weakened against the dollar in modest Tokyo trading. The U.S. currency rose to Y255.85 from Y252.60, after opening at the day's high of Y256.60.

THE POUND SPOT AND FORWARD

July 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7285-1.7450	1.7400-1.7410	0.03-0.13c dis	−0.56	0.68-0.78dis	−1.65
Canada	2.1880-2.1980	2.1940-2.1950	0.70-0.80c dis	−4.10	2.30-2.40dis	−4.28
Nethlnd.	4.70-4.74	4.72-4.73	1⅛-⅞c pm	2.86	3¼-3 pm	2.75
Belgium	81.20-81.70	81.45-81.55	10-20c dis	−2.21	50-60 dis	−2.70
Denmark	14.78-14.86	14.80-14.81	1⅛-¼ore pm	0.56	6¼-7¼ dis	−1.89
Ireland	1.2390-1.2470	1.2420-1.2430	0.51-0.66p dis	−5.65	1.72-1.92dis	−5.86
W. Ger.	4.25-4.28½	4.27-4.28	1¼-¾pf pm	2.81	3¼-2¾ pm	2.81
Portugal	145.50-148.00	147.25-147.75	80-230c dis	−12.61	215-280 dis	−6.71
Spain	194.10-194.80	194.40-194.60	70-95c dis	−5.09	320-385 dis	−7.04
Italy	2,381-2,400	2,393-2,395	14½-16½ lire dis	−7.77	51-54 dis	−8.77
Norway	11.19-11.25	11.18-11.19	5½-6½ore dis	−6.50	11⅞-13½ dis	−4.47
France	11.84-11.91	11.86½-11.87½	3-4c dis	−3.54	13¼-14¼ dis	−4.63
Sweden	10.56½-10.62½	10.58-10.59	2¾-3½ore dis	−3.54	8-9 dis	−3.21
Japan	442-447	444-445	2.00-1.80y pm	5.13	5.30-5.10 pm	4.68
Austria	29.90-30.15	29.92-29.37	11¼-8¼gro pm	3.91	27½-21¼ pm	3.25
Switz.	3.61-3.65	3.63-3.64	2⅞-2⅛c pm	8.66	7-6½ pm	7.43

Belgian rate is for convertible francs. Financial franc 86.90-87.00. Six-month forward dollar 1.95-2.05c dis. 12-month 3.75-3.50c dis.

THE DOLLAR SPOT AND FORWARD

July 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7285-1.7450	1.7400-1.7410	0.03-0.13c dis	−0.56	0.68-0.78dis	−1.63
Ireland†	1.3930-1.4050	1.3945-1.3965	0.63-0.53c pm	4.98	1.50-1.35 pm	4.08
Canada	1.2595-1.2645	1.2610-1.2620	0.40-0.43c dis	−3.95	0.80-0.84dis	−2.60
Nethlnd.	2.7080-2.7275	2.7080-2.7110	0.85-0.75c pm	3.54	3.00-2.90 pm	4.35
Belgium	46.80-47.05	46.82-46.84	6-8c dis	−1.79	10-13 dis	−0.93
Denmark	8.4960-8.5520	8.5325-8.5425	0.75-0.50ore pm	0.88	0.50-1.00dis	−0.35
W. Ger.	2.4460-2.4660	2.4545-2.4555	0.74-0.69pf pm	3.49	2.72-2.67 pm	4.39
Portugal	84.25-85.20	84.55-84.90	45-155c dis	−14.17	90-380 dis	−11.06
Spain	111.70-112.20	111.70-111.80	40-50c dis	−4.82	150-170 dis	−5.72
Italy	1,375-1,378	1,375-1,376	8½-9½ lire dis	−7.85	24-26 dis	−7.27
Norway	6.4270-6.4780	6.4310-6.4360	3.10-3.50ore dis	−6.15	4.50-4.90dis	−2.92
France	6.8100-6.8650	6.8175-6.8225	1.60-1.80c dis	−2.99	4.80-5.20dis	−2.93
Sweden	6.0750-6.1060	6.0750-6.0770	1.50-1.70ore dis	−3.16	2.40-2.60dis	−1.64
Japan	254.80-256.20	255.20-255.30	1.25-1.17y pm	5.69	3.90-3.80 pm	6.05
Austria	17.22-17.33	17.22½-17.23½	6.70-5.50gro pm	4.24	22-19 pm	4.76
Switz	2.0770-2.0970	2.0885-2.0895	1.63-1.55c pm	9.13	4.75-4.67 pm	9.02

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.4	−32.1
U.S. dollar	120.1	−11.6
Canadian dollar	87.5	−19.7
Austrian schilling	117.8	−26.4
Belgian franc	95.1	−1.7
Danish kroner	82.2	−14.8
Deutsche mark	125.4	+49.3
Swiss franc	146.4	−96.8
Guilder	116.0	−23.2
French franc	74.1	−20.0
Lira	53.7	−58.4
Yen	132.3	−26.1

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

July 29	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.628553	0.552666
U.S. $	11½	1.09255	0.960402
Canadian $	15.60	*	1.21656
Austria Sch.	6¾	18.9044	16.5861
Belgian F	13½	51.2543	45.0717
Danish Kr.	11	9.33657	8.19463
D mark	7½	2.68145	2.35971
Guilder	8	**2.93627	2.60941
French F	9½	7.46867	6.56915
Lira	19	1503.35	1321.51
Yen	5½	279.524	245.191
Norwgn. Kr.	9	7.07371	6.16595
Spanish Pts.	8	122.306	107.565
Swedish Kr.	10	6.67767	5.84597
Swiss Fr.	5½	1.27651	2.00340
Greek Dr'ch	20½	76.0633	66.8632

* CS SDR rate for July 28 1.38200
** The rate for July 28 should have read 2.95931.

OTHER CURRENCIES

July 29	£	$		£ Note Rates
Argentina Peso	37,171†	21,400†	Austria	29.65-30.15
Australia Dollar	1.7425-1.7445	1.0015-1.0020	Belgium	85.30-87.30
Brazil Cruzeiro	316.08-317.08	181.80-182.72	Denmark	14.74-14.88
Finland Markka	8.21-8.22	4.7260-4.7280	France	11.81-11.91
Greek Drachma	116.202-121.620	69.50-69.60	Germany	4.24-4.28
Hong Kong Dollar	10.315-10.330	5.9260-5.9310	Italy	2355-2395
Iran Rial	*146.80	*84.00	Japan	443-448
Kuwait Dinar KD	0.4995-0.5005	0.2875-0.2876	Netherlands	4.69½-4.73½
Luxembourg Fr.	81.45-81.55	46.82-46.84	Norway	11.16-11.26
Malaysia Dollar	4.0786-4.0866	2.3425-2.3485	Portugal	143½-156
New Zealand Dlr.	2.3470-2.3490	1.3515-1.3530	Spain	186-195
Saudi Arab. Riyal	5.9830-5.9885	3.4405-3.4415	Sweden	10.55-10.65
Singapore Dollar	3.7115-3.7185	2.1300-2.1330	Switzerland	3.60½-3.64½
Sth. African Rand	1.9900-1.9930	1.1435-1.1450	United States	1.73-1.75
U.A.E. Dirham	6.3845-6.3905	3.6715-3.6725	Yugoslavia	97-101

† Rate shown for Argentina is commercial. Financial rate, 67.673-67.713 against sterling 38.880-39.000 against dollar. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.0717	+0.23	+0.09	±1.5501
Danish Krone	8.23400	8.19463	−0.48	−0.62	±1.6430
German D-Mark	2.33373	2.35971	+1.11	+0.97	±1.0888
French Franc	6.61387	6.56915	−0.68	−0.82	±1.3940
Dutch Guilder	2.57971	2.60941	+1.15	+1.01	±1.5004
Irish Punt	0.691011	0.687130	−0.56	−0.70	±1.6691
Italian Lira	1350.27	1321.51	−2.13	−2.13	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 29	PoundSt'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.741	4.275	444.5	11.87	3.635	4.725	2394.	2.195	81.50
U.S. Dollar	0.575	1.	2.456	255.4	6.820	2.088	2.715	1375	1.261	46.84
Deutschemark	0.234	0.407	1.	104.0	2.777	0.850	1.105	560.0	0.513	19.06
Japanese Yen 1,000	2.250	3.916	9.618	1000.	26.70	8.178	10.63	5386.	4.937	183.4
French Franc 10	0.842	1.466	3.602	374.5	10.	3.062	3.981	2017.	1.849	68.66
Swiss Franc	0.275	0.478	1.176	122.3	3.265	1.	1.300	658.6	0.604	22.42
Dutch Guilder	0.212	0.368	0.905	94.07	2.512	0.769	1.	506.7	0.464	17.25
Italian Lira 1,000	0.418	0.727	1.786	185.7	4.958	1.518	1.974	1000.	0.917	34.04
Canadian Dollar	0.456	0.793	1.948	202.6	5.409	1.656	2.153	1091.	1.	37.14
Belgian Franc 100	1.227	2.136	5.245	545.4	14.56	4.460	5.798	2937.	2.693	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 29)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 5/16	offer 15 7/16	bid 14 1/4	offer 14 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rate for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

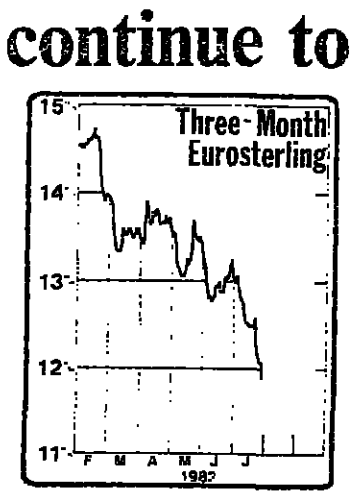
[illegible]

MONEY MARKETS

UK rates continue to ease

UK clearing bank base lending rate 12 per cent (since July 14)

Interest rates continued to fall in London yesterday with the Bank of England cutting its dealing rates in all bands by ⅛ of a point. [illegible]



[illegible]

EUROCURRENCIES

Late fall in Eurodollars

Euro-dollar rates were mostly unchanged yesterday, finishing below the highest level of the day. [illegible]

LONDON MONEY RATES

[illegible]

MONEY RATES

NEW YORK [illegible]

GERMANY [illegible]

FRANCE [illegible]

JAPAN [illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	229.2	241.3	.....	—
Equity Fund	51.9	54.7	-0.2	—
Property Acc.	268.4	282.6	.....	—
Equity Acc.	53.4	56.2	-0.3	—
Selective Fund	152.2	160.3	-0.5	—
Money Fund	168.2	177.1	.....	—
Convertible Fund	180.5	190.0	.....	—
Prop. Fd. Ser. 4	211.5	222.7	.....	—
Equity Ser. 4	57.8	60.9	-0.3	—
Man. Ser. 4	205.0	215.8	-0.4	—
Money Ser. 4	152.5	160.6	.....	—
Conv. Ser. 4	152.7	160.8	.....	—
Fixed Int. Fd. Ser. 4	122.7	129.2	.....	—
American Ser. 4	108.7	114.5	-0.8	—
High Inc. Ser. 4	116.6	122.8	-0.5	—
Indexed Inv. Series 4	96.9	102.0	.....	-0.1
Pension Property	320.7	337.6	.....	—
Pension Equity	485.4	511.0	-1.3	—
Pension Selective	153.9	162.1	-0.4	—
Pension Managed	303.4	319.3	-0.6	—
Pension Security	225.3	237.2	.....	—
Pension Fixed Int.	119.9	126.3	.....	-0.5
Pension Indexed Inv.	97.1	102.3	.....	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	325.7	342.8	-0.1	—
Fixed Int. Acc.	203.0	213.7	+0.2	—
Gtd. Money Fd. Ac.	157.5	165.8	.....	—
Intl. Man. Fd. Acc.	139.5	146.8	-1.0	—
Intl. Fxd. Int. Fd.	110.1	115.8	.....	—
Prop. Fd. Acc.	159.9	168.3	.....	—
M'ple Inv. Acc.	252.4	265.7	-0.4	—
Equity Pen.Fd.Acc.	449.2	472.8	-0.1	—
Fixed I.Pen.Acc.	331.4	348.8	+0.5	—
G'td. Mon.Pen.Acc.	219.5	230.9	+0.1	—
Intl.Mn.PnFdAcc.	160.8	169.2	-1.2	—
Prop.Pen.Acc.	211.5	222.6	.....	—
M'ple Inv.Pen.Acc.	367.9	387.2	-0.7	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Crown Life—Continued

St. George Manag. Fd.	110.7	116.5	.....
Lincs & Gen.Fd.	114.8	120.8	.....
Sage Fd.	85.5	90.0	.....
Heritage Fd.	99.3	104.5	.....
DBS Managed	104.2	109.6	.....
Crown. Brit. Inv. A	217.2		.....
Pens. Mixed. Fd.	152.9	158.4	.....
Pens. Manag'd. Acc.	114.0	119.9	.....
Pens. Manag'd. Init.	109.8	115.5	.....
Pens. Equity Acc.	103.8	109.2	.....
Pens. Equity Init.	97.6	104.8	.....
Pens. Fxd. Int. Acc.	111.4	117.2	.....
Pens. Fxd. Int. Init.	107.2	112.8	.....
Pens. Money Acc.	110.1	115.8	.....
Pens. Money Init.	105.8	111.3	.....

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq., EC3N 4DJ

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2.

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe.

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe.

Family Assurance Society

G.T. Management Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

GRE Linked Assurance Limited

GRE Pension Management Ltd.

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson PLC

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgr. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Canada Life Assurance Co of G. Britain

Cannon Assurance Ltd.

Capital Life Assurance

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance Co. (UK)

Crescent Life Assurance Co. Ltd.

Crown Life

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd

London Life Linked Assur. Ltd.

London Life Managed Funds Ltd.

London & Manchester Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

Multiple Health and Life Assur. Co. Ltd.

NEL Pensions Ltd.

NPI Pensions Management Ltd.

National Provident Institution

New Zealand Ins. Brit. Insce. PLC

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Scandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance Ltd.

Vanbrugh Pensions Limited

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Adig Investment

Albany Fund Management Limited

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd.

Bank of America International S.A.

B.I.A. Bond Investments AG

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capdinvs S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Charterhouse Japhet Currency Mngt. Ltd.

Clewton Commodities (Isle of Man) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd.

Eason & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Erwinage Management Ltd.

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

Eurotax Investments Ltd.

Executive Life (C.I.F. Managers Ltd.)

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Gartmore Fund Managers (C.I.) Ltd.

Gartmore Fund Managers (IOM) Ltd.

Assicurazioni GENERALI S.p.A.

Grenville Management Limited

Guinness Mahon Int. Fund (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. & Man. (Guernsey)

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

HK Fund Management (Jersey) Ltd.

I.C. Trust Managers Ltd.

IGF Management Services Inc.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Investment Advisers, Inc.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Korea International Trust

Dachan Investment Trust Co.Ltd.

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Management International Ltd.

Manufacturers Hanover Asset Mgt

Midland Bank Tst. Corp. (Jersey) Ltd.

Minerals, Oils Res. Shrs. Fd. Inc.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Northgate Unit Tst. Mngrs. (Jersey)

Pacific Basin Fund

Phoenix International

Providence Capital International Ltd.

Quest Fund Man. (Jersey) Ltd.

Quilter/Hoimid Commodities

RBC Investment Managers Limited

Ramiece Managers Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Save & Prosper International

Schroder Mngt. Services (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mgrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngmt., Jersey

Sentry Assurance International Ltd.

Signal Life Assurance Co. Ltd.

Singer & Friedlander Ldn. Agents.

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

M. G. Tyrrell & Co. (Jersey) Ltd.

Union-Investment-Gesellschaft mbH

V.C.A. Financial Management Ltd.

Vanbrugh Fund Mngmt. Intl. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

NOTES

FT SHARE INFORMATION SERVICE

LOANS—Continued

Financial

Building Societies

BANKS & H.P.—Cont.

CHEMICALS, PLASTICS—Cont.

ENGINEERING—Continued

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
33	27¾	Consols 4pc	32½xd	−⅛	12.30	—
30⅝	26⅛	War Loan 3½pc‡‡	30	−⅛	11.89	—
34⅞	31½	Conv. 3½pc '61 Aft.	34½	−⅛	10.50	—
30	23	Treasury 3pc 66 Aft	24⅝	......	12.67	—
21	17¼	Consols 2½pc	20¼	−⅛	12.15	—
21⅛	17⅝	Treasury 2½pc	23	......	12.39	—

Index-Linked & Variable Rate

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅛	99⅞	Treas. Variable '83	99⅞	......	11.72	11.80
98	95	Do. 2pc I.L. '88	98	......	2.04	2.87
106	93	Do. 2pc I.L. '96	100	......	2.30	3.08
101½	86⅞	Do. 2pc I.L. 2006	93½	......	2.37	2.90
104	90	Do. 2½pc I.L. 2011	95¾xd	+⅛	2.65	2.88

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102	92¾	Finland 14½pc Ln 1986	101⅞	......	14.23	13.86
100½	90¾	Int. Bank 13½pc 1986	100½xd	......	13.43	13.29
102	97	Do. 14pcLn 1987	102	......	13.73	13.41
101¼	94½	Mex 16½pc 2008	96	......	18.49	19.56
99¾	90¾	Sweden 13½pc 1986	99¾xd	......	13.53	13.55

CORPORATION LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
96	85	Bath 11¼pc 1985	95¾	−¼	11.75	12.84
99½	89¼	Birm'ham 12½pc 1985	99¼	−¼	12.63	12.88
100⅝	87	Burnley 13pc 1987	100½xd	......	12.94	12.83
94¼	81¾	Cardiff 11pc 1986	94½	−⅛	11.61	12.61
100⅝	94¾	G.L.C. 12½pc '83	100½	......	12.44	11.99
101	94⅝	Do. 13¼pc 1984	100¾	−⅛	13.15	12.68
100	94¼	Glasgow 9¼pc '80-82	99¾	......	9.28	10.36
80¼	67½	Herts 6¾pc 1985-87	80xd	−¼	8.43	12.14
102¼	85	Leeds 13½pc 2006	102¼xd	......	13.71	13.71
95⅝	87½	Liverpool 9¾pc '80-84	95½	+¼	10.21	12.54
26½	21½	D. 3½pc Irred.	26xd	−½	13.92	—
101	95½	Lon. Corp. 13¼pc '83	101	......	13.12	12.32
92	82¼	Do. 9¾pc '84-85	91¾	−¼	10.68	12.44
88¼	78¾	LCC 5½pc '82-84	88¾	......	6.25	12.06
78½	64¼	Do. 5½pc '85-87	78½	......	7.00	11.35
71	56	Do 6¾pc '88-90	70¾	−¼	9.58	12.76
22¾	19½	Do. 3pc '20 Aft.	22½	......	13.24	—
99	90¼	Sunderland 12¼pc 1984	99	......	12.37	12.69

COMMONWEALTH AND AFRICAN LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
94¼	85¼	Aust. 6pc 1981-83	94⅛	......	6.44	11.57
68	57	N.Z. 7¼pc 1988-92	67¼xd	......	10.78	13.27
87¾	74¼	Do. 7½pc '83-86	87¼xd	......	8.63	11.78
161	136	S. Rhod. 2½pc Non-Ass.	157	......	—	—
68	58	Do. 3½pc 80-85 Assd.	68	......	5.24	17.00
41	32	Do. 4½pc 87-92 Assd	41xd	......	10.98	17.40
380	318	Zimbabwe Ann (£100aa)	377	......	—	19.43

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
67½	57¼	Agric. Mt. 5pc '59-89	67½	......	7.45	12.13
31½	24¼	Met. Wtr. 3pc 'B'	31½	......	9.91	12.46

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

INDUSTRIALS—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
88	64	Jourdan (T.) 10p	74		5.25	0.6	10.1	(25)
88	61	Kalamazoo 10p	83		2.5	0.9	4.3	(33)
178	136	Kelsey Inds.	150		8.0	2.1	7.6	8.1
[illegible]								

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

For Messina see South Africans

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. [illegible]

[illegible]

a future date. No P/E ratio usually provided.
‖ No par value.
♥ Rate applicable to non-Zimbabwean residents.
§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	41				
Bertrams	17½		Conv. 9% '80/82	£98¾	+⅛
Bdg'wtr. Est. 50p	430		Nat. 9¾% 84/89	£70⅝	+⅝
Craig & Rose £1	£121½		Fin. 13% 97/02	£79½	+⅝
[illegible]					

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 25

FINANCIAL TIMES

Friday July 30 1982

New international bank lending drops

BY WILLIAM HALL, BANKING CORRESPONDENT

A SHARP deceleration in the rate of growth of international bank-lending in the first quarter could indicate banks are becoming more cautious in lending.

International bank credit grew by $20bn in the first three months of this year, according to figures from the Basle-based Bank for International Settlements (BIS). This is less than half the average quarterly amount lent last year and a third below the comparable figure in the first quarter, a weak period, of 1981.

In recent years international bank-lending has grown at more than 20 per cent a year. In recent months, however, there was evidence banks were becoming more selective. This could present problems for the world's big corporate and sovereign borrowers if banks persist in cutting back substantially the growth in their lending.

Dr Leutwiler, BIS chairman, warned in June that while there were risks in over-generous bank-lending policies there were also dangers in exposing countries to too sharp an adjustment. "Sound international lending practices require that banks should avoid both extremes," Dr Leutwiler said at BIS's annual general meeting last month.

The BIS says that to a considerable extent the deceleration can be explained by seasonal factors reflecting the usual unwinding of banks end-year operations.

It went, however, beyond what can easily be accounted for by seasonal factors and the BIS says that "while no firm conclusion can be drawn from one quarter's figures it seems possible, particularly in the light of more recent indications, that bankers are becoming more selective in their lending policies, that the first quarter may also reflect the beginning of some deceleration in the underlying rate of growth."

The figures show there was a marked deceleration in lending by European banks. This was to some extent offset, however, by strong growth of U.S. banks' International Banking Facilities (IBFs), through which all U.S. banks' new international business was channelled in the first three months.

Of the $20bn rise in international bank credit about 70 per cent was taken up from within the area covered by those banks reporting, which is basically Europe and some major offshore centres.

Identified new credits to non-Opec developing countries showed a "particularly strong contraction," falling from $16.9bn in the final quarter of 1981 to $3.1bn.

Nearly all Eastern European countries cut their gross indebtedness to the reporting banks in the first quarter. The biggest declines were registered by the Soviet Union, Hungary, East Germany and Poland. A substantial part of these repayments appear to have been financed through drawing period.

UK may veto EEC worker plan

BY JOHN LLOYD, LABOUR EDITOR

THE GOVERNMENT appears likely to take a hard line against EEC proposals to increase employee involvement in the running of companies.

It is coming under strong pressure from business groups to exercise its right to veto the draft fifth directive on company structure, and the Vredeling proposals on employee consultation.

Both the CBI and the Insitute of Directors have been lobbying hard against the proposals, and have found strong sympathy within the Government. Mr Norman Tebbit, the Employment Secretary, has come out against the proposals.

Mr Richard Worsely, social affairs director of the CBI, said yesterday the CBI was "gravely worried" by the Vredeling proposals, which lay down that companies must release information to, and consult with, employees on major issues.

The institute yesterday launched a broadside against the fifth directive, which would introduce changes in company law to put employees' representatives on company boards, and which specifies employee access to information and to consultation.

Mr Walter Goldsmith, the institute's director general, said: "At a time of poor European economic performance and failure to create jobs compared with the creation of jobs in the U.S. and the Far East, we submit this is not the time for a major thrust of social engineering which has as its objective the replacement of capitalism by socialism under the guise of industrial democracy."

In a document published yesterday, the institute said the directive would strengthen trade union powers, greatly extend collective bargaining, reduce the powers of shareholders and make board structures more rigid.

The institute said the directive might exceed the limits imposed on the powers of the EEC by the Treaty of Rome. It claimed the EEC's authority is limited to economic and financial matters, and that it has no power over social affairs.

Company Law in Europe. Director Publications, 116, Pall Mall, London, SW1. £5.95.

Councils underspend by £1.05bn

By Robin Pauley

UNDERSPENDING by central Government on its cash limits and by local government on its capital allocations totalled £1.84bn in 1981-82, compared with £710m in the previous year.

Treasury figures published yesterday* showed that within the overall figure local authorities underspent by £1.05bn, or 14.3 per cent, on capital allocations. At the same time they overshot Government targets on current expenditure by £1.5bn, or 8 per cent. Central Government underspent its cash limits by £793m, or 1.8 per cent.

By far the largest underspenders were the new urban development corporations for London and Liverpool, which used only 53.3 per cent of their £70.25m cash limit.

Other major underspending occurred in support for the fishing industry (20 per cent under), miscellaneous support services for the Industry Department (36 per cent under), pay and administrative costs at the Office of Fair Trading (21 per cent under), and computer and telecommunications in the Civil Service Department (20 per cent under.

Local authorities spent £633m, or 20 per cent less than their capital allocations for roads, transport, housing, schools, further education and teacher training, personal social services and the urban programme. They also underspent, by 31 per cent, the £44m allocated for capital spending on police, courts and probation.

Changes to 1981-82 cash limits included increases of £319m for armed forces pay, £70m extra provision for the National Coal Board, £92m extra for increased demand for Youth Opportunities Programme places and £22.6m to meet operating and winding-up costs of industrial training boards.

** Cash limits 1981-82 provisional outturn, Cmnd 8615, HMSO, £2.95.*

Clearers ignore base rate signal

By Robin Pauley

BRITISH CLEARING banks yesterday again resisted signals from the Bank of England that they should cut base rates. The Bank cut a further 1/16 of a point off its dealing rates in all bands.

Once again, however, the clearing banks ignored the nudge. They maintained their base rates at 12 per cent in spite of widespread speculation they would reduced them to 11½ per cent.

The clearers are expected to give way fairly soon but appear to be signalling to the Bank their distaste for further base-rate cuts, because of implications for profitability and already squeezed deposits.

They have also argued that short-term rates remain high relative to other money-market rates. These, however, are easing too, now. The seven-day interbank rate, which topped 13 per cent at the start of the week, eased back 12⅛ per cent yesterday.

Sterling remained stable amid all the speculation. It dipped slightly against the dollar but strengthened against some European currencies. The trade-weighted index closed at 91.4, the same as Wednesday's close.

Paul Taylor adds from New York: All major U.S. banks yesterday joined the move towards a lower prime rate, started this week by Manufacturers Hanover and Chemical Bank. They cut prime rates by ½ percentage point to 15½ per cent.

Among banks cutting prime rate, the rate they charge to their best corporate customers, were Bankamerica, Chase Manhattan, Morgan Guaranty, Continental Illinois, Bankers Trust and First National Chicago. Citibank cuts its prime on Wednesday.

The move, widely expected following the decline in U.S. interest rates since the middle of the month, helped to re-establish a trend towards lower short-term rates — a trend interrupted on Wednesday by the U.S. Treasury's announcement of plans to borrow a record $50.5bn during the third quarter of this year, including the sale of $11bn in debt at its August quarterly refunding next week.

In the bond market, which had initially lost about ⅜ of a point following the Treasury announcement, prices firmed marginally in early trading yesterday.

Money markets, Page 26

Thatcher denies commitment for Dublin talks on N. Ireland

BY MARGARET VAN HATTEM, POLITICAL STAFF

AN APPARENT slip by the Prime Minister during Commons questions yesterday has once again spotlighted differences between Mrs Thatcher and Mr James Prior, the Northern Ireland Secretary, on the deteriorating relations with the Dublin Government.

Mr Prior's call during Northern Ireland questions for a period of consultation and "cooling off" was in marked contrast to Mrs Thatcher's subsequent trenchant comments, in which she appeared to deny the existence of consultative arrangements between Britain and Ireland on matters relating to Northern Ireland.

Replying to Mr Enoch Powell, she said: "No commitment exists to consult Dublin on matters relating to Northern Ireland."

What she meant, Downing Street later explained, was that the Government does not recognise any commitment to consult Dublin on matters concerning Northern Ireland's consitutional position.

The Government stood by arrangements, drawn up during the setting up of the Anglo-Irish Council nearly a year ago, to consult Dublin on a wide range of interests in Northern Ireland such as security and the economy.

However, no clarifying statement was issued.

In the context of worsening relations between the British and Irish governments, consultation has become a highly sensitive issue. Irish ministers claim and some British ministers concede, that the recent White Paper on Northern Ireland included recognition of Dublin's right to a say in Northern Ireland constitutional matters.

However, earlier this week Mr Douglas Hurd, Minister of State at the Foreign Office, called in Mr Eamonn Kennedy, the Irish Ambassador to London, to stress that Britain did not recognise any formal arrangements to consult Dublin on constitutional matters. This followed claims by the Irish Foreign Minister, Mr Gerry Collins, that Britain had dishonoured such arrangements.

Anti-Irish feeling within the Cabinet and the Conservative Party has been fuelled by the action of Mr Charles Haughey, the Irish Prime Minister, in opposing Britain's role in the Falklands war and by the recent IRA bombings in London.

Whereas Mr Prior is anxious to smooth relations between the two governments to help the implementation of his devolution plans, indications are that many of his Cabinet colleagues, including the Prime Minister, are in a much less conciliatory mood.

IBM drops ICL contract case

BY GUY DE JONQUIERES

INTERNATIONAL Business Machines (IBM) yesterday dropped its court action against the award of a £14m computer contract to Britain's ICL after being confronted with fresh evidence which destroyed the legal basis of its case.

The UK subsidiary of U.S.-based IBM had sought a High Court order requiring the Severn Trent Water Authority to review its decision last April to place the contract with ICL. IBM, one of the three unsuccessful bidders, alleged that the decision violated the authority's own rules and criteria.

ICL's lawyer disclosed in the High Court yesterday that the authority had reviewed the decision and confirmed it on June 3, several days after IBM first applied for judicial review. IBM said that it had not been aware of the authority's action.

The action was IBM's first legal challenge against a public purchasing decision in Britain, and the company had regarded it as an important test of procurement policy. It said that it "regretted the loss of the opportunity to have the principles of this case fully debated."

ICL said that it was delighted by IBM's decision. Last week the Court of Appeal rejected a request by another American computer manufacturer, Burroughs, for an injunction to stop the Oxford Regional Health Authority from awarding ICL a contract for a pilot computer system.

IBM said yesterday that it had hoped that the case would demonstrate the need to establish selection criteria for public procurement.

ICL said that it was completely confident of meeting the authority's computing requirement.

Both the authority and ICL awarded costs against IBM.

Ambrosiano Continued from Page 1

by commitments and an anlysis of asset quality.

He told the banks that Banco Ambrosiano Holding, the parent of the Nassau bank, owed it $150m and it in turn owed Banco Ambrosiano Milan $110m. The bank was also owed money by Istituto per le Opere di Religione, the Vatican bank.

The bank had made loans earlier in the year of $14m to unknown beneficiaries at Sig Calvi's behest. Despite frequent attempts to get more information about the loans this has not been forthcoming.

The bank plans to sell its Bahamas retail banking operation, its share in its previous headquarters building and to dispose of its 20 per cent stake in Artoc Bank and Trust.

Continued from Page 1

Lebanon

official asserted yesterday that it was not in Israel's interest to bomb Beirut.

Of the heavy attacks of the past seven days, which Israel says were in response to shooting by the PLO, he said: "Our response is not necessarily limited to the exact time, location or proportion of the action from the other side."

Cost of a phoney war Continued from Page 1

rank-and-file accountants had their say. At least three claimed to be backwoodsmen, and one pointed to 40 years in the New Forest to prove that this was no idle boast.

At one moment Mr Eddie Ray, the institute's president, chose between numerous rival speakers by directing "the gentleman in the grey suit" to the microphone. This was baffling, for everybody in the hall wore a grey suit.

Legendary names from the letters columns like Mr Jack Clayton and Professor David Myddelton turned up.

Baron Bruce of Donington discussed attitudes to current cost accounting in the House of Lords. Not to be outdone, a subsequent speaker claimed to be a member of Wandsworth Borough Council.

One speaker suggested that Mr Keymer and Mr Haslam should take a less glamorous route to reform. He generously offered them posts on working parties of the institute's technical advisory committee.

After he had announced the final voting figures Mr Ray said the whole area of current cost accounting needed to be given very serious consideration. "It is essential that we unite our members," he observed, but concluded: "The trial period will run its course."

It is certain that the size of the split in the accountancy profession revealed by the vote will have major consequences.

After the meeting the Accounting Standards Committee issued a statement about its plans. "It is clear that changes to SSAP 16 will be required." it said. "Some of these changes will be substantial."

Mr Ian Hay Davison, now chairman of what is about to become a largely reconstituted committee, with many new members, said that he would be having discussions with the Bank of England, Whitehall and the CBI about the whole self-regulatory process of setting accounting standards.

Meanwhile, the name of the CCA subcommittee of the ASC has been changed to the inflation accounting subcommittee. "You can read what you like into that," said Mr Davison.

Was there now any danger that the Government would seek to take over responsibility for setting accounting standards?

Mr Davison had the air of a battle - hardened veteran. "Whatever fear we may have of the Government taking over, standard-setting is as nothing compared with the terror the Government has of doing it," he replied.

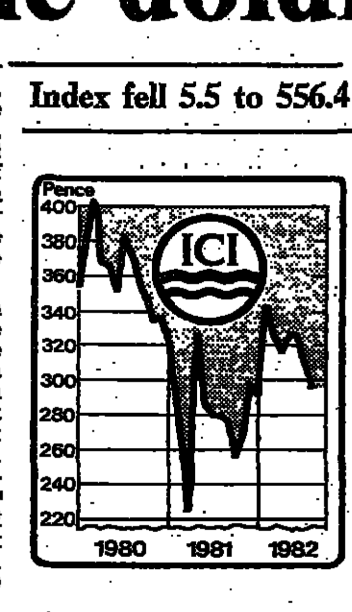
THE LEX COLUMN

ICI still caught in the doldrums

Recruits to the Bank of England's money market ops. room, fresh from their intensive period of lifeboat training, receive lectures from retired commandos on the danger of being eyeball to eyeball with a clearing bank. Far safer, they are told, to steal up very close and shout "Base rates!" in the clearer's ear.

Perhaps because this has been done so often, the clearers have become faintly deaf. Despite yet another prod yesterday, in the form of a further reduction in the Bank's money market dealing rates, base rate stays at 12 per cent. Lower rates will mean more reliance on wholesale money, and slimmer margins. The clearers will move in the end, of course—but if they hesitate now, how will they be if rates drop below 10 per cent.

Index fell 5.5 to 556.4



ICI

A resigned air has settled on the popular guessing game over ICI's payout in recent months, so the unchanged dividend comes as little surprise. But the second quarter results were worse than expected and point to growing pressures in some of the worst-hit parts of the company's business: the chances of an increase in the final dividend are beginning to look remote. Pre-tax profits in the second quarter are £83m, which happen to be identical to the level in the same period in 1981. Seasonal benefits have been miniscule, since the first quarter's £52m outcome was depressed by perhaps £20m of one-off stock losses.

The continued depressed state of the bulk chemicals market has counterbalanced all the work of rationalisation. Volume in petrochemicals and plastics is more or less unchanged, while prices have, if anything, been falling. This means that in the first six months' losses in this division are already little short of the £54m recorded for the whole of last year.

Part of the downturn here has been recouped by better performances in fibres and organic chemicals. Losses in these two divisions have been reduced in the first half from about £30m to £10m, still disappointing after the achievement of operating the divisions in the black for a couple of months earlier in the year. Pharmaceuticals have continued to do well, and earnings here may be up £10m or so. Oil volume has picked up, but with the Ninian field now liable to PRT the contribution in the second quarter is a modest £17m, and the contribution for the full year is likely to be lower.

Volume growth outside Europe is now slowing, while an expansion of 2½ per cent in UK volume over the year still leaves second quarter output 15 per cent below the 1979 level. With a cash flow of less than £50m in the latest half, ICI's finances are on an even keel. But, against £335m in 1981, the outcome this year should be between £300m and £350m, with the upper end of the range requiring a pickup towards the end of the year. The shares fell 6p yesterday to 296p, where a yield of 9½ per cent should provide support.

Intl. Harvester

International Harvester's restructuring plan makes one wonder what a big company has to do these days in order to go properly bust. The group is forecasting a loss of $925m for the current year, which makes quite a hole in ordinary shareholders' funds of $1.3bn at its last year end, to which may be added $0.2bn of preference capital. It is then proposing an emergency restructuring, involving write-off of $400m, to lower its breakeven point drastically.

For this to succeed the group's 193 lenders must agree firstly to waive present loan covenants, and secondly to convert $400m of debt into equity. That would leave Harvester with a $500m equity base (and some $3½bn of debt); its construction equipment division would have been sold, and production of agricultural machinery and trucks concentrated on fewer sites.

In addition, Harvester intends to stop paying interest on its parent company debt, although it will issue some sort of equity paper instead. This measure, known at Massey-Ferguson as "cash conservation," may force banks to transfer the loans from the non-performing into the bad debt category. The lenders that have already written off the Harvester debt may not care, as long as they are not required to find any new money.

International Harvester and Massey-Ferguson still compete over quite a wide product range. For the banking system to keep just one of them going, would force the rapid contraction in capacity that the agricultural machinery market is crying out for. In the meantime, restructuring of various kinds may keep famous names alive for a while, but weakens the base of an entire industry.

Fitch Lovell

For Fitch Lovell to record an advance of 13 per cent in its pre-tax profits, to £10.3m for the 12 months to April 24, is putting rather a good face on something of a curate's year.

Underlying volume in the Key Markets chain was pretty flat, and whereas some other grocers seem to have widened their gross margins Fitch does not claim more than to have held them steady. Although wholesaling made more progress, that was partly a matter of eliminating losses—in butter packing—and integrating the Joseph Stocks business.

Agriculture was difficult for Fitch, more than £1m down on 1981. With the end of the poultry glut this spring, chickens are back in profit and Fitch could easily have a £1½m turnround if the market does not flood again. But it takes only 46 days to grow from egg to drumstick, so the present equilibrium is pretty fragile.

Fitch pays out a high dividend as well as carrying on heavy capital expenditure; retentions are consequently minimal. Much of the necessary cash is generated by sale and leasebacks on new stores from which the book profits—£2.9m this year from stores alone—come through at the operating level. Shareholders may wonder how far the dividend payments depend on these asset sales, and reflect that reversions must also come eventually home to roost.

Weather

UK TODAY

DRY, some sunshine. Showers later.

S, E, SW England, Midlands, S Wales
Sunny intervals. Showers later, some thunder. Max 24C (75F).

NE England, Borders, Edinburgh, Dundee, Aberdeen
Cloudy with drizzle, brighter later. Max 19C (66F).

Rest of UK
Dry, sunny periods. Max 23C (73F).

Outlook: Rain spreading North.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	84	L. Ang.†	F	19	66
Algiers	S	32	90	Luxmbg.	F	24	75
Amsdm.	S	25	77	Luxor	F	38	100
Athens	S	29	84	Madrid	F	27	81
Bahrain		—	—	Majorca	F	30	86
Barclna.	F	26	79	Malaga	F	28	82
Beirut		—	—	Malta	S	30	86
Belfast	C	20	68	M'chstr.	S	19	66
Belgrd.	T	21	70	Melbne.	F	10	50
Berlin	S	27	81	Mx. C.		—	—
Biarritz	C	22	72	Miami†	S	28	82
Bmghm.	S	21	70	Milan	F	25	77
Blackpl.	C	18	64	Montrl.†	R	17	63
Bordx.	F	23	73	Moscow	F	20	68
Boulgn.	C	21	70	Munich	F	22	72
Bristol	S	20	68	Nairobi	F	23	73
Brussels	S	22	72	Naples	S	30	86
Budpst.	F	25	77	Nassau		—	—
Cairo		—	—	Nwcstl.	C	18	64
Cardiff	S	21	70	N York†	S	19	66
Cas'b'ca	F	24	75	Nice	S	27	81
Cape T.	C	15	59	Nicosia	S	29	84
Ch.cg.†	F	15	59	Oporto	C	18	64
Cologne.	S	25	77	Oslo	S	25	77
Conhgn.	S	24	75	Paris	S	22	72
Corfu	S	31	88	Perth	S	17	63
Denver†	R	14	57	Prague	F	25	77
Dublin	S	20	68	Reykjvk.	C	8	46
Dbrvnk.	S	27	81	Rhodes	S	29	84
Ednbgh.	S	21	70	Rio J'o		—	—
Faro	F	24	75	Rome	S	30	86
Florence	S	32	90	Salzbrg.	S	22	72
Frankft.	F	24	75	S F'cisco		—	—
Funchal	C	23	73	S. Moritz		—	—
Geneva	R	17	63	Singapr.	F	31	88
Gibraltar	F	24	75	S'tiago		—	—
Glasgow	F	22	72	Stckhm.	F	23	73
G'nsey	C	15	59	Strasbg.	S	23	73
Helsinki	F	21	70	Sydney	S	13	55
H. Kong	F	33	91	Tangier	F	23	73
Innsbrk.	S	23	73	Tel Aviv	F	28	82
Invrnss.	C	23	73	Tenerife	F	26	79
I.o.Man	F	18	64	Tokyo	C	28	82
Istanbul	F	25	77	T'ronto†	F	17	63
Jersey	C	17	63	Tunis	S	43	109
Jo'burg	S	15	59	Valencia	F	29	84
L. Plms.	S	25	77	Venice	S	27	81
Lisbon	C	23	73	Vienna	F	24	75
Locarno	F	23	73	Warsaw	F	20	68
London	S	22	72	Zurich	S	22	72

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.

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